



OFFICE OF THE VICE PROVOST –
ACADEMIC PERSONNEL

OFFICE OF THE PRESIDENT
1111 Franklin Street, 11th Floor
Oakland, California 94607-5200

August 22, 2011

COUNCIL OF VICE CHANCELLORS
LABORATORY DIRECTOR ALIVISATOS
ACADEMIC COUNCIL CHAIR SIMMONS
ANR VICE PRESIDENT DOOLEY

Dear Colleagues:

RE: Systemwide Review of Academic Personnel Policy 670, Health Sciences Compensation Plan

Dear Colleagues:

Enclosed for Systemwide Review is proposed revised Academic Personnel Manual Section 670 (“APM - 670”), Health Sciences Compensation Plan. The policy has been revised consistent with broad consultation and feedback following the second round Management Consultation.

In readying the draft for Systemwide Review, in addition to reorganizing the draft structurally, proposed draft language is intended to clarify certain principles (e.g. authority levels, Good Standing, Advisory Committees, grievance procedures, and compensation). New language was added to provide guidelines for the assignment of Academic Programmatic Units (APUs) and to bring APM - 670 into conformity with the APM - 700 series. Sections of the existing policy were reordered to improve clarity (e.g. the “Philosophy” portion in the current policy is “Appendix A” in the proposed draft).

Since the Systemwide Review draft is structured very differently from the current policy, a chart mapping formatting changes is enclosed for your convenience. The chart shows where current policy text appears in the re-ordered Systemwide draft. Two versions of the draft policy are also enclosed: the traditional version, showing deleted text and new text identified by underlining, and a clean version of the draft, with the deleted text and underlining removed.

Systemwide Review is a public review distributed to the Chancellors and Executive Vice Chancellors requesting that they inform the general University community, affected employees, and unions about the policy proposals. Systemwide Review also includes a mandatory, three-month full Senate review.

Employees should be afforded the opportunity to review and comment on the revisions, which are available online at: <http://www.ucop.edu/acadpersonnel/apm/review.html>. Enclosed is a model communication which can be used to inform non-exclusively represented employees affected by these proposals.

This letter and enclosures anticipate that you will begin Systemwide Review of the proposed draft and submit comments no later than November 18, 2011. Please send your comments and any questions to Janet.Lockwood@ucop.edu.

Sincerely,



Susan L. Carlson
Vice Provost
Academic Personnel

Enclosures

1. *Draft APM - 670 (clean copy)*
2. *Policy Structure Mapping*
3. *Draft APM - 670 (showing revisions)*

cc: President Yudof
Chancellors
Provost Pitts
Senior Vice President Stobo
Senior Vice President Vacca
Vice President Duckett
Associate Vice President Nation
Health Sciences Deans
Vice Provosts for Academic Affairs
Academic Personnel Directors
Deputy General Counsel Birnbaum
Deputy General Counsel Reynolds
Special Assistant Price
Executive Director Fox
Executive Director Tanaka
Executive Director Winnacker
Director Saxton
Systemwide Policy Director Capell
Manager Lockwood

Differences from Current APM 670 Policy and Systemwide Draft

APM 670—Current Policy	Systemwide Draft (August 2011)	Reasoning for Revision or New Placement
PLAN		
I Introduction (pgs. 1-2)		
A. Philosophy (pg. 1)	New Appendix A [Appendix A in current policy is deleted]	Retaining the Plan philosophy is critical and crucial to understanding the Plan. The proposed movement of the philosophy section to an appendix, from its current placement as an introductory prose section will stylistically bring APM 670 into better conformity with other APM policies.
B. Purpose and Goals of the Plan (pg. 2)	New section-2 (Purpose)	
II. Review and Approval Responsibility (pgs. 3-4)		
A. Overview (pg. 3)	New section-0 (Policy)	Modifications based on campus comments.
B. Roles of The Regents and the President (pg. 3)	New section-6a. (Responsibility)	
C. Role of the Academic Senate (pg. 4)	New section-6c. (Responsibility)	
D. Role of the Chancellor (pg. 4)	New section-6b. (Responsibility)	
III. Membership in the Health Sciences Compensation Plan (pgs. 4-5)		
A. Membership Requirements (pgs. 4-5)	New section-14a. (Eligibility)	Modifications based on campus comments; clarification of split appointments and revision of title list.
B. Exceptions to Membership Requirements (pg. 5)	New section-14b. (Eligibility)	Modifications based on campus comments.

APM 670—Current Policy	Systemwide Draft (August 2011)	Reasoning for Revision or New Placement
IV. Compensation (pgs. 5-9)		
[Introductory paragraph] (pg. 5)	deleted	Modifications based on campus comments.
A. Total Compensation (pgs. 5-6)	New section-18a. (Salary)	Modifications based on campus comments.
B. Base Salary (pg. 6)	New section-18b. (Salary) [Title changed to Base Salary (X and X') and Academic Programmatic Unit (APU)]	Modifications based on campus comments.
C. Optional Additional Compensation [Introductory paragraph] (pg. 6)	New section-18c. (Salary)	Modifications based on campus comments.
1. Negotiated additional compensation (“Y”) (pg. 6)	New section-18c.1) (Salary)	Modifications based on campus comments.
2. Incentive/Bonus compensation (“Z”) (pg. 7)	New section-18c.2) (Salary)	Clarified Z components language.
D. Other Miscellaneous Income Which May be Retained by Plan Members [except D6, see below] (pg. 7)	New section -19[Title changed to Other Outside Income That May be Retained by Plan Members]	Modifications based on campus comments.
6. [Administrative stipends] (pg. 7)	New section -18c.3) (Salary—Optional University Additional Compensation—Administrative Stipends)	Modifications based on campus comments.
V. Benefits (pgs. 8-9)		
	New Section-20 (Use/Terms of Employment/Conditions of Employment)	Modifications based on campus comments.
C. Paid Leave, paragraph 2(pg. 9)	New Section -20, ((Use/Terms of Employment/Conditions of Employment--Benefits), paragraph 2	Expanded section to comply with childbearing and extended leave provisions of the APM 700 series; issued after the current APM 670 was in place.

APM 670—Current Policy	Systemwide Draft (August 2011)	Reasoning for Revision or New Placement
VI Campus Accounting and Budget Methods (pgs. 9-12)	Appendix C	Suggested revisions per Associate Vice President and Systemwide Controller and Director, Payroll Coordination and Tax Services
VIII Implementation and Transition Arrangements (pgs. 12-13)	New section -80 (Procedures/Review Procedures)	Modifications based on campus comments.
[Introductory paragraph (1)] (pg. 12)	New section-80 b.	Modifications based on campus comments.
Paragraphs 2 and 3 (pgs. 12-13)	deleted	Modifications based on campus comments.
Appendix A (pg. 13)	Deleted; replaced by unrelated subject matter “Appendix A” (Introduction section [philosophy] from current APM 670)	Information no longer relevant.
GUIDELINES		
Section II (pgs. 2-10)	New Appendix B [except for IC4b and IC5, as noted below]	Modifications based on campus comments.
C. Alternative Options 4. Mechanisms for Addressing Potential Conflicts of Commitment b. Good Standing Criteria (II pg. 5)	New sections -10 a and b. (Standard/Criteria/Qualifications -- Good Standing)	Text underwent significant revision following 11/15/10 Joint Health Sciences and Academic Personnel Meeting.
5. Advisory Committee (II, pg. 8)	New section -6d. (Responsibility) [title change Role of the Advisory Committee]; text extensively edited.	Modifications based on campus comments.

Legend:

Insertion: proposed new language/change to be added to existing policy

~~Deletion (single line strikeout)~~: proposed change to be deleted from existing policy

~~Moved from (double line strikeout)~~: existing policy text removed from current position and repositioned in proposed revision

Moved to (double underline): new placement in proposed revision for existing policy text

Moved Insertion (bold, wavy underline): New text inserted in proposed revision to repositioned text from current policy

July 1999
xxxx 2011

Health Sciences Compensation Plan
University of California

I. Introduction

A. Philosophy

~~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 science education as well, clinical teaching is integrated with basic 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 the only public university in California authorized to grant professional doctoral 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 must be exerted to recruit and retain the best and most dedicated faculty. Special compensation plans have been established over the years to provide for quality across academic programs in the health sciences disciplines. These health sciences compensation plans offer a competitive salary structure indispensable to the health sciences schools' recruitment and retention efforts.~~

~~Health sciences disciplines require varying compensation levels in order to remain competitive with comparable schools elsewhere in the United States. However, because University health sciences schools share some common needs and operating requirements, the University has developed a uniform Health Sciences Compensation Plan to govern compensation arrangements and account for compensation plan income to the University's Schools of Medicine, Dentistry, Nursing, Pharmacy, and other health sciences units as deemed appropriate by the President.~~

~~The Health Sciences Compensation Plan is approved, amended and repealed, by and under the authority of The Regents of the University of California. Through the Plan, compensation is set as a part of the employment relationship, and as a consequence, the level of compensation and the terms and conditions of the Plan may be amended or repealed at any time by The Regents, following consultation with the Health Sciences Chancellors, Deans and appropriate Academic Senate Committee(s).~~

~~The implementation, administration and continued operation of this Plan shall be 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.~~

~~**B. Purpose and Goals of the Plan**~~

~~The purpose of this Health Sciences Compensation Plan is to provide a common administrative framework within which a participating health sciences school can compensate its faculty according to the competitive requirements of each discipline. Specific goals of this Plan are:~~

- ~~1. To provide sufficient non-State resources to recruit and retain outstanding health sciences faculty.~~

- ~~2. To encourage a balance among teaching, research, and service activities (including clinical practice) of the quality required in the University of California.~~
- ~~3. To provide teaching, patient care and research incentives that encourage and recognize academic merit as well as generation of income.~~
- ~~4. To offer consistent benefits and privileges to participating health sciences faculty and schools at all University of California campuses.~~
- ~~5. To benefit the health sciences schools by providing academic and research support funds in addition to State appropriated funds.~~

~~H. Review and Approval Responsibility~~

~~A. Overview~~

670-0. Policy

The regulations included in this Health Sciences Compensation Plan (HSCP) are intended to provide a policy framework within which Implementing operating procedures will be developed by each health sciences school that participates in the Plan. School Implementing Campus procedures and revisions in such procedures must be consistent with the Plan and its philosophy (see Appendix A), reviewed by the appropriate faculty committee(s), and approved by the Chancellor, and reviewed prior to implementation by the President or the President's designee.

In developing campus procedures consistent with this policy ~~these regulations~~, the participating health sciences schools, after discussion and comment by the participants, and consultation with the school Advisory Committee, may include provisions that are more, but not less, restrictive than those outlined herein.

670-2 Purpose and Goals of the Plan

The purpose of this Health Sciences Compensation Plan is to provide a common administrative framework within which a participating health sciences school can compensate its faculty according to the competitive requirements of each discipline. Specific goals of this Plan are:

a.1- To provide sufficient non-State resources to recruit and retain outstanding health sciences faculty.;

b.2- To encourage a balance among teaching, research/clinical care, and University and public service activities (including clinical practice) of the quality standards of excellence required in the University of California.;

c.3- To provide teaching, patient care and research incentives that encourage and recognize academic merit as well as ~~generation of~~ generate income.;

d.4- To offer consistent benefits and privileges to participating health sciences faculty and schools at all University of California campuses.; and

e.5- To benefit the health sciences schools by providing academic and research support funds in addition to State-appropriated funds.

670-6 Responsibility

Ba. Roles of ~~The Regents and the President~~

After consultation with the Health Sciences Chancellors, Deans, and the appropriate Academic Senate committee(s), ~~and upon recommendation by the President, The Regents~~ may amend or repeal any portion of or the entire Plan.

The President ~~or the President's designee~~ shall ~~have the authority to:~~ review
Implementing Procedures for those schools selecting participation in the Plan.

- ~~— approve the inclusion or exclusion of a health sciences school, discipline or specialty in the Plan.~~
- ~~— approve campus procedures and revisions of approved campus procedures within the limitations of this Plan.~~
- ~~— approve individual exceptions to the provisions of this Plan to meet special teaching, research or clinical service requirements.~~
- ~~— issue administrative regulations and procedures further refining this Plan.~~

The President shall report to The Regents total compensation for any Plan participant which is greater than four times the highest step on the Professor Series Fiscal Year Salary Scale.

~~C. Role of the Academic Senate~~

~~The President shall consult with the appropriate Academic Senate committee(s) concerning proposed revisions of this Plan before submitting such revisions to The Regents for approval.~~

~~The appropriate campus faculty committee shall be provided the opportunity to review and comment on any proposed exceptions to campus procedures which the Chancellor intends to submit to the President for approval.~~

~~D. Role of the Chancellor~~

The Chancellor shall have operational authority over the development and, subsequent to ~~approval~~ review by the President or the President's designee,

implementation and monitoring of the ~~campus-school~~ Implementing Procedures for administration of this Plan.

The Chancellor shall be responsible for assuring that affected Plan participants and the appropriate division Academic Senate committees shall be afforded the opportunity to review and comment on the proposed ~~campus-school~~ Implementing Procedures.

~~c.~~ **c. Role of the Academic Senate**

~~The President shall consult with the appropriate Academic Senate committee(s) concerning proposed revisions of this Plan before submitting such revisions to The Regents for approval.~~

~~The appropriate campus-faculty-committee division of the Academic Senate and other committee(s) shall be provided the opportunity to review and comment on any proposed exceptions to ~~campus procedures~~ school Implementing Procedures which the Chancellor intends to submit to the President or the President's designee for approval review.~~

d. Role of the Advisory Committee

~~An school-specific Advisory Committee which includes Senate and non-Senate faculty members representatives of the disciplines participating in the Plan shall be established to assist the Dean in resolving the issues ~~on outside professional activities~~ which that may arise from implementioning of these guidelines the Plan.~~

~~The Committee assists in assuring compliance with and resolving issues on outside professional activities, conflict of interest, and conflict of commitment. The Committee also reviews the submissions of individual department or unit Implementing Procedures.~~

The composition of the eCommittee, method for selecting members, terms of service, defined to ensure rotation of service, Committee responsibilities, and procedures (including those for receiving and hearing faculty complaints) shall be specified in the school iImplementing pProcedures. At least half No more than fifty percent of the committee's voting members shall may be elected appointed by members of the Compensation Plan Dean. The Ceommittee's functions shall include advising the Dean on:

- 1) a- Development of the Sschool iImplementing pProcedures, including the establishment of gGood sStanding criteria and approval thresholds, Academic Programmatic Unit (APU) assignments, and APU Scales.
- 2) b- Processes for developing dDepartmental and organized research unit iImplementing pProcedures including methods for obtaining faculty input and for determining consistency with school iImplementing pProcedures.
- e- Faculty grievances with regard to the implementation and administration of these guidelines.
- 3) Review of potential conflicts between a Plan participant's commitment to generating revenue within the Plan and his or her outside professional activities.
- 4) Review of faculty appeals regarding implementing and administering the Plan that are not resolved at the department or school levels or are submitted to the Advisory Committee as a result of a determination of loss of Good Standing.

The Dean is responsible for implementing and administering the school Plan, including the resolution of complaints and appeals. Senate faculty members may pursue their grievance rights before the Privilege and Tenure Committee under

Senate Bylaw 335. Non-Senate faculty are entitled to a Step III hearing under APM - 140.

The Advisory Committee will provide an annual summary report on its activities to Plan participants, the Dean and the Chancellor.

670-10 Standards/Criteria/Qualifications

~~b.~~ Good Standing Criteria

- a. Written ~~Good Standing Criteria~~ shall be established at the ~~School or Department or organized research unit level~~, and shall be included in the school Implementing Procedures. Good Standing Criteria must include: 1) a definition of Good Standing, 2) a description of the administrative review process that occurs when a member is determined to be out of Good Standing, 3) consequences for not being in Good Standing, and 4) the process by which a faculty member may return to Good Standing.

- b. Health sciences research and clinical practice are characterized by considerable diversity in sources of funding and are dependent on revenue streams that can be interrupted due to external circumstances, sometimes beyond the control of faculty. In support of the health sciences school's central function, a major responsibility of the Administration is to provide the faculty with conditions hospitable to the pursuits of teaching, research/scholarship, clinical care, and University and public service. The faculty member is responsible for performing the duties assigned at the time of hire, as well as reasonable new duties assigned by the department.

Good Standing Criteria for health sciences faculty will include expectations related to their academic series, departmental expectations related to service, and expectations related to generation of salary support and shared expenses.

Plan participants must satisfy the ~~g~~Good ~~s~~Standing ~~e~~Criteria in order to be allowed to earn and/or retain income from professional, non-clinical activities. Good ~~s~~Standing ~~e~~Criteria might include, for example, keeping appropriate licensure and clinical privileges current, or meeting requirements for clinical coverage, teaching obligations, participation in departmental activities, ~~and~~ or revenue generation. A pathway to return to Good Standing, should it be lost, must be defined. Prior to the ~~implementation~~ ~~implementing~~ or ~~revision~~ ~~revising~~ of ~~g~~Good ~~s~~Standing ~~e~~Criteria, affected Plan participants or the Advisory Committee representatives shall be provided the opportunity to review and comment on the proposed criteria.

All members of a clinical practice plan should be deemed in Good Standing until they encounter some circumstance in which their capacity to earn income is impaired. A faculty member may fail to be in Good Standing only for conduct which significantly and negatively impacts the health sciences school's central functions of clinical care, scholarship, teaching, and University and public service. Reasons for loss of Good Standing might include, for example, instances of misconduct, inability to generate salary support, refusal to participate in assigned duties, failure to participate in mandatory training, loss of clinical privileges, or loss of licensure and/or credentials.

A determination that a faculty member is not in Good Standing may affect the amount of negotiated additional compensation [Y; see APM - 670-18-c(1)] and/or Incentive/Bonus compensation [Z; see APM - 670-18-c(2)] that the faculty member may earn. If a faculty member is unable to practice at a specific site due to revocation of clinical privileges, for example, that faculty member must be willing to undertake new duties as assigned, or otherwise must forfeit the compensation from that assignment. Faculty who are not in Good Standing must obtain advance approval from the Department Chair to engage in any unassigned professional activities, and the income from all such approved activities shall accrue to the ~~Compensation-Plan~~, and not to the Plan participant.

~~Exceptions may be approved in writing in accordance with campus school
Implementing pProcedures. A determination that a faculty member is not in
Good Standing must be approved by the Dean, and any faculty member who is
not in eGood sStanding shall be notified in writing by the Department Chair of
the reasons for that determination and what steps must be taken in order to return
to Good Standing. Faculty who believe the that eGood sStanding eCriteria have
been applied unfairly may appeal to the Advisory Committee (described in APM
-670-6-d at section H.C.5) in accordance with campus school Implementing
pProcedures.~~

670-14 Eligibility

~~III. Membership in the Health Sciences Compensation Plan~~

Aa. Membership Requirements

Individuals in health sciences schools, disciplines or specialties that have been approved for participation in this Plan shall be members of this Plan if they hold a University appointment at greater than 50 percent of full time, funded by one or more of the participating health sciences units, in any of the following title series:

- ~~1-1) Professor~~
- ~~2-2) Professor In Residence~~
- ~~3-3) Professor of Clinical _____ (e.g., Medicine)~~
- ~~4-4) Adjunct Professor~~
- ~~5-5) Acting Professor~~
- ~~6-6) Health Sciences Clinical Professor~~
- ~~7—Visiting Professor~~
- ~~8-7) Health Sciences School Dean titles-~~
- ~~9-8) Any other title series approved for membership in this Plan by the President or
the President's designee~~

A member of the faculty who has retired may be recalled to participate in the Health Sciences Compensation Plan yet may not exceed a maximum total per each fiscal year of 43 percent of full time. All other faculty participating in the Plan must hold appointments greater than 50 percent of full time.

Deans and other faculty administrators in Plan schools shall be members of the Plan if they hold an underlying Health Sciences Compensation Plan faculty title; however, salary and reporting requirements are defined by the personnel policies governing the administrative appointments.

Membership in the Plan is a term and condition of employment. All new and continuing eligible Plan members shall receive a copy of this Plan document, the ~~campus-school~~ Implementing p Procedures and any related School or d Departmental ~~g~~ Guidelines setting forth ~~Regental~~, campus, and departmental policy applicable to faculty covered by the Plan.

Membership in the Plan shall continue while the Plan continues to be in effect. Separation from an eligible appointment will terminate membership in the Plan.

Faculty holding any of the titles 1 through 8 above with an appointment in more than one department may be considered for inclusion in the Plan if their appointment is more than 50 percent full time and funded by one or more of the participating health sciences units. If included in the Plan, they will be subject to continued membership and all regulations of the Plan.

Determination of and responsibility for the faculty member's salary must be jointly agreed to and memorialized by the Chairs of the affected Departments and approved annually by the Dean(s). The Departments participating in the Plan are responsible for administering compensation including health and welfare benefits.

B-b) Exceptions to Membership Requirements

~~As specified at Section II.B, t~~The ~~President~~ Chancellor may approve exceptions to membership requirements in individual circumstances to meet special teaching, research, ~~or~~ clinical care, or University and public service requirements.

The ~~President~~Chancellor shall review and has authority to approve specific provisions ~~in campus procedures, and requests by Chancellors~~Deans ~~in specific cases,~~ for inclusion in the Plan of individuals in a health sciences school whose appointments are in the title series listed in ~~Section III.A~~ APM - 670-14a, regardless of percentage of time.

IV. Compensation

~~The Income Limitation Arrangement is not an option for compensation of health sciences faculty except as provided in Appendix A. No single member professional corporations, or any other form of professional corporation, partnership or other entity(s) for the provision of professional health care shall be permitted for faculty under the Plan without the express written approval of the President.~~

670-18 Salary

-Aa. Total Compensation

Faculty members participating in this Plan shall:

- 1) receive base salary as described in ~~Section b, B~~ below;
- 2) be eligible for optional University additional compensation as described in ~~Section C, below~~; and
- 3) be permitted to retain ~~the~~ other miscellaneous income as described in ~~Section D, below~~ APM - 670-19.

Payment under the Health Sciences Compensation Plan will be made directly to the Plan participant in his/her individual capacity and will not, absent prior approval from the President or the President's designee, be made to any professional corporation or other legal entity maintained by the Plan participant.

Generally, off-scale salaries are not awarded. No State funds shall be used for the portion of base salary that exceeds the Fiscal Year Salary Scales for the Plan member's rank and step or for optional University additional compensation as described ~~at in Section C,~~ below. This portion of compensation shall be funded using Compensation Plan funds and other non-State funds in compliance with any related fund source restrictions.

B b. Base Salary(X and X') and Academic Programmatic Unit (APU)

Base salary for an individual is the approved rate on one of the Health Sciences Compensation Plan Salary Scales, associated with that faculty member's academic rank, step and ~~academic programmatic unit~~ assigned APU. Base salary shall equal at least the approved rate on the Fiscal Year Salary Scale (HSCP Scale 0) for the faculty member's rank and step (X). The base salary is covered under the University of California Retirement Plan (UCRP) up to the amount permissible ~~under law~~ and in accordance with UCRP provisions and regulations. ~~Salary scales shall be assigned to academic programmatic units~~ Plan participants shall be assigned to APU scales and approved by the Dean and assignments may be changed in accordance with ~~g~~Guidelines issued by the ~~Chancellor~~ President. The differential, between X (Scale 0) and the faculty member's rank and step on the HSCP Salary Scale assigned to the faculty member's APU, is designated X-prime (X').

- 1) For the purpose of determining Health Sciences Base Salary Rate, each Department shall establish at least one APU to which the faculty shall be assigned. An APU shall be composed of faculty with similar clinical,

teaching and research responsibilities. The Department Chair shall recommend an appropriate APU assignment for each member of the Plan, based on clinical, teaching and research responsibilities. Each APU shall be assigned to an HSCP Salary Scale, according to school Implementing Procedures.

2) In keeping with the responsibility of the University to ensure consistency of compensation by creation of APUs or assignment of faculty to APUs, the following shall be observed:

- a) Deans are authorized to approve the faculty composition of each APU and assignment of a salary scale to that unit, subsequent to the Department Chair's recommendation.
- b) Deans must receive advance approval from the Chancellor or the Chancellor's designee for an APU comprised of fewer than five members.
- c) An APU must remain at its assigned HSCP Salary Scale for at least one year before being assigned to a higher or lower scale.
- d) An APU is permitted to move to a higher HSCP Salary Scale by a maximum of one scale per year. An APU typically moves down no more than one scale at a time.

No individual faculty member may be moved from one APU to another without a significant change in duties or a change in department.

Ec. Optional University Additional Compensation

~~Local compensation procedures (that is campus, School Implementing Procedures and department, division and/or academic programmatic unit APUs procedures) may~~

provide for the payment of additional compensation. Prior to ~~the implementation or~~
~~revision of local compensation procedures~~ implementing or revising Implementing
Procedures, affected Plan participants and the Advisory Committee shall be afforded
the opportunity to review and comment on the proposed ~~p~~Procedures. ~~Local~~
Implementing pProcedures shall specify how additional compensation will be
calculated, when it will be paid, and the title(s) of person(s) authorized to approve
individual compensation agreements. Additional compensation may be paid, in
accordance with fund source restrictions, as follows:

~~1.1)~~ 1) Negotiated additional compensation (“Y”)

Plan members may receive a negotiated amount of additional compensation.
This component of pay is beyond the base salary and is not covered
compensation for UCRP ~~the University of California Retirement Plan~~, but may
be eligible for optional disability and life insurance programs, where applicable
~~and for the Health Sciences Severance Pay Plan (HSSPP), as described at Section~~
~~V.B.~~

~~2.2)~~ 2) Incentive/Bonus compensation (“Z”)

Plan members may receive incentive/bonus compensation. This incentive/bonus
compensation is not covered compensation for (UCRP) ~~the University of~~
~~California Retirement Plan, but may be eligible for the Health Sciences~~
~~Severance Pay Plan, as described at Section V.B.~~

Departmental Implementing Procedures will describe the manner in which
faculty members within a department, division, or APU may earn incentive
compensation beyond base and negotiated compensation, upon approval by the
Dean.

3) Administrative Stipends

Plan members may receive Administrative stipends, defined as payments by the University for responsibilities related to University administration beyond normal academic responsibilities.

670-19 **~~D. Other Miscellaneous~~Outside Income Which That May be Retained by Plan Members**

a. Patient care activities must be provided within the University setting, or as part of an approved affiliation agreement or professional service agreement. All clinical income is due to the Plan. In no case will Plan participants be allowed to retain income from patient care activities.

b. Certain categories of income accruing from occasional service, as described below, may be retained by Plan members. Department Implementing Procedures must address whether members can deposit remuneration from miscellaneous outside activities into an academic enrichment account, and the terms and conditions for those accounts. The Department Chair and/or Dean shall monitor the frequency of individual activity in these areas:

- 1) ~~1-~~Income from occasional outside professional activity (~~other than patient care~~)-in accordance with the Guidelines on Occasional Outside Professional Activities by Health Sciences Compensation Plan Participants issued by the President or the President's designee ~~and campus, school~~ ~~Implementing p~~Procedures and APM - 025 (see also Appendix B):-
- 2) ~~2-~~Prizes, defined as gifts in recognition of personal achievements and not for services rendered;-

- ~~3)~~ ~~3-~~Royalties, defined as shares of proceeds for contributions as authors or inventors, as allowed under the University's copyright and patent policies;
- ~~4)~~ ~~4-~~Honoraria, defined as payments by agencies outside the University for occasional lectures and similar public appearances beyond normal academic responsibilities to the University of California and which are not in return for other services, whether given directly or indirectly;
- ~~5)~~ ~~5-~~ University honoraria, defined as payment for occasional lectures or similar services performed on a University of California campus as permitted by Academic Personnel Policy; and
- ~~6-~~ ~~Administrative stipends, defined as payments by the University for responsibilities related to University administration beyond normal academic responsibilities.~~
- ~~6)~~ ~~7-~~ Income from a profession or activity unrelated to the training and experience which is the individual's qualification for University appointment as determined by the Department Chair~~person~~ in consultation with the Dean.

c. Complaints and Appeals

Faculty with a complaint about an issue related to outside professional activities should first try to resolve the issue at the departmental level. If the complaint cannot be resolved through discussions, the faculty member's complaint and the Department Chair's response should be documented. If the faculty member disagrees with the departmental decision, s/he should file a formal complaint with the Dean. The Dean will charge the Advisory Committee with fact-finding. Both the Chair or the Chair's designee and the faculty member will have the right to be heard by the Committee. The Committee will issue a formal recommendation for resolution to the Dean. The Dean makes the decision based

on this recommendation. Senate faculty members may pursue their grievance rights under the terms of Senate Bylaw 335. Non-Senate faculty may request a hearing under the terms of APM - 140.

670-20 Use/Terms of Employment/Conditions of Employment

~~V.~~ **Benefits**

No campus may offer faculty benefits beyond those which have been approved by The Regents. All benefits shall be provided in accordance with policies and/or guidelines issued or approved by the Office of the President. Each ~~H~~health ~~S~~ciences ~~S~~school and respective ~~A~~ccounting ~~O~~ffice shall develop and provide a funding mechanism for support of all benefits made available under the provisions of this Plan, and this mechanism shall be included in the ~~campus-school~~ Implementing Procedures established for administration of the Plan.

All such benefits as described below and in related policies shall be provided uniformly within school departments or divisions, as reviewed by their participants and as approved by the Dean.

A.a. **Base Salary-Related Benefits**

Base salary-related benefits are associated with an individual's salary from one of the Health Sciences Salary Scales. These benefits include participation in the UCRP, health care benefits insurance, disability benefits insurance, regular term life coverage insurance, and other benefits as may be approved by The Regents. Base salary-related benefits will be made available to faculty members who are members of this Plan on the same basis as to all other members of the University faculty.

~~Bb.~~ Optional Benefits on Additional Compensation

The Regents have authorized ~~some~~ disability and life insurance benefit programs related to health sciences additional compensation beyond the base salary.

~~1.~~ Disability and life insurance programs

These programs must be approved by the Office of ~~Employee~~ Benefits/Human Resources, Office of the President. Policies governing optional disability and life insurance programs on additional compensation are available from ~~the that office of Employee Benefits/Human Resources,~~ Office of the President.

~~2.~~ Health Sciences Severance Pay Plan (HSSPP)

~~Presidential Guidelines for the Health Sciences Severance Pay Plan are available from the Office of the Provost and Senior Vice President—~~ Academic Affairs.

~~Cc.~~ Paid Leave

Plan members who are eligible for sabbatical leave, leave with salary, ~~or vacation leave,~~ or who are granted sick ~~extended illness~~ leave (including parental leave) may be granted such leave at the Health Sciences Scales Base Salary rate ~~or (X,~~ X) or total negotiated salary rate as set forth in local implementing procedures. A Plan member leaving University service or transferring from a vacation-accruing title to a non-accruing title shall be paid for accrued vacation at the Plan member's total negotiated salary rate at the time of separation.

~~All such benefits as described above shall be provided uniformly within campus departments, divisions, or academic programmatic units as approved by the Dean.~~

With the exception of the two provisions below, or where explicitly stated in policy, members of the Plan are eligible for leaves as defined in APM - 710 - 760. Schools or Departments may include provisions in Implementing Procedures for leaves which must clearly define whether any additional leave will be paid at the base salary or total negotiated salary rate. In the absence of specific Implementing Procedures, the leaves as described in APM - 710 - 760 will be used.

1) Extended Illness

Members of the Plan who have a full-time appointment and have been employed for at least one full year and who are unable to work for reasons of extended personal illness, injury, or disability, shall be granted paid medical leave of a minimum of six (6) weeks of consecutive or intermittent paid medical leave at the approved base salary. Any additional compensation under the HSCP shall be paid in accordance with campus policies.

- a) Extended illness leave may not exceed the maximum allowable under APM - 710-11-a and b.
- b) Authority to review and approve requests for extended illness leave resides with the Chancellor. This authority may be redelegated.

2) Childbearing and Childrearing

Childbearing and childrearing leaves shall be consistent with APM - 760-25. In no case can childbearing and childrearing leave be less than the minimum amount allotted under APM - 760-25b.

~~VI. Campus Accounting and Budgeting Methods~~

~~A. Management and Reporting of Professional Services Income and Expenses~~

~~1. University Management~~

~~All professional services income generated by Compensation Plan members shall be managed by, accounted for and reported as revenue of the University; the only exception to this requirement shall be income which the Plan participant is allowed to retain in accordance with Section IV.D. All compensation paid by the University to Plan members will be subject to Federal and State withholding and reported on a W-2 form as wages. Campus procedures shall include billing and accounting procedures necessary to assure accountability for all funds. All financial transactions shall be approved, documented, and otherwise processed or executed in accordance with University policies, procedures and delegations of authority.~~

~~a) Professional fee billing and collection activities shall be conducted by University billing groups, by external vendors with which the University has contracted, or as otherwise permitted by University procedures. All such fees shall be deposited upon receipt by the University or by an external vendor in a University bank account established in accordance with University delegations of authority.~~

~~b) Contracts with external billing vendors shall be processed and executed in accordance with delegated authority and University purchasing policies and procedures. They shall contain standard University approved clauses, be subject to audit, and provide for monthly transmission of billings and receipt information to the University. Specific Universitywide regulations may be developed for such contracts as needed to assure that funds are accounted for, safeguarded, and appropriately managed.~~

~~2. Reports~~

~~The accounting standards specified in the University of California Accounting Manual must be used in reporting income and expenses in all compensation arrangements.~~

~~B. Fund Accounts and Sources~~

~~Each campus shall establish one or more school Compensation Plan fund account(s) (or, with the approval of the Chancellor on recommendation of the Dean, a department, division, or academic programmatic unit fund account for each such unit participating in this Plan). All fund accounts shall be separate University accounts and shall receive Plan income from the following sources:~~

~~1. Income from professional services.~~

~~2. Amounts paid by University hospitals or affiliated institutions for professional and managerial services rendered to the hospitals by participants in the Plan, excluding stipends in IV.D.6.~~

~~3. Such other funds as are required by the Chancellor or President to be included in fund accounts.~~

~~Certain other sources of University income may be available to support faculty compensation and benefits but are not recorded in Compensation Plan fund accounts, such as:~~

~~1. Funds made available for salaries from University administered grants and contracts.~~

~~2. Funds made available from unrestricted, non-State fund accounts within the school.~~

~~3. Gifts and other funds available for such purposes, as allocated by the Dean or Chancellor.~~

~~C. Assessment of Professional Services Income.~~

~~As an aid in the administration, budgeting, and allocation of professional services income, gross Plan income shall be assessed using a rate(s) annually recommended by the Dean and approved by the Chancellor for each school or department. The income categories specified in Section IV.D. are not subject to assessment.~~

~~D. Contingency in Event of Inadequacy of Health Sciences Fund Accounts~~

~~Campus procedures shall require the establishment of one or more reserve fund(s) and shall specify whether such reserve funds will be established at the school, department, division or academic programmatic unit level. The purpose of the reserve(s) is to provide the funds necessary to pay Plan expenses, including the agreed-upon compensation to each Plan participant, in the event that the current year income of the Plan is insufficient to do so. If the funds in the appropriate reserve account are insufficient for the purpose, the Chancellor may seek support from another non-State fund account (or other non-State fund accounts) within the school. If such support is not forthcoming, then the campus will reduce the participants' additional compensation in a uniform manner in accordance with any fund source restrictions across the school, department, division, or academic programmatic unit as determined by the Chancellor.~~

~~Although funds may be transferred from one fund account to another within a health sciences school in accordance with University accounting and budgeting policies and procedures, fund accounts on each campus shall be maintained as financially independent for administrative purposes.~~

~~E. Budgeting~~

~~Subject to approval by the Chancellor on recommendation of the Dean, each campus shall develop a process to annually budget for and monitor expenditures from the Health Sciences Compensation Plan fund accounts. Expenditures shall be budgeted for and funded in the following order of priority:~~

- ~~1. Clinical practice operating expenses, defined as costs incurred by the University for billing and collection of fees for clinical services; for faculty use of University-owned and/or leased practice facilities; and for related professional operating activities.~~
- ~~2. To the extent that funds remain after expenditures for clinical practice costs indicated in 1., above, compensation may be paid to eligible participants in the Plan. Base salary and related benefits, including any required contribution on behalf of University of California Retirement Plan covered compensation, shall be funded before additional compensation.~~
- ~~3. To the extent that funds remain after the foregoing expenditures, benefits approved in accordance with Sections V.B. and V.C. may be paid.~~
- ~~4. To the extent that funds remain after all the foregoing expenditures, funds shall be contributed to the reserve(s) for contingencies in an amount recommended by the Dean and approved by the Chancellor.~~
- ~~5. When a health sciences fund account has accumulated a surplus beyond that required for expenditures and reserves as provided in all the above categories, the surplus shall be used as follows:~~
 - ~~a) At least one-half for academic purposes in the department or division of origin (including but not limited to salaries for support personnel) as recommended by the Chair and approved by the Dean;~~

- ~~b) The remainder may be used for other purposes in the school or campus as recommended by the Department Chair and the Dean and approved by the Chancellor.~~

670-22 Funds

The management and reporting of professional services income and expenses under this Plan must be consistent with campus accounting and budgeting methods as outlined in Appendix C of this policy.

670-24 Authority

a. The President

- 1) The President or the President's designee shall have the authority to issue administrative regulations and procedures further refining this Plan.
- 2) The President or the President's designee shall approve the inclusion or exclusion of a health sciences school, discipline, or specialty in the Plan, subsequent to the Chancellor's approval.

b. The Chancellor

- 1) The Chancellor shall approve, subsequent to the President's or the President's designee's review, school Implementing Procedures.
- 2) The Chancellor shall approve revisions of those Procedures within the limitations of the Plan, and submit a copy of the revisions to the President or the President's designee.

- 3) The Chancellor shall approve individual exceptions to the provisions of the Plan to meet special teaching, research, or clinical service requirements.
- 4) Such authority may not be redelegated.

VII. Implementation and Transition Arrangements

670-80 Procedures/Review Procedures

a. Annual Notification

Once per fiscal year, the Department Chair or Unit Head shall provide each member of the Plan with written notification of the member's total annual compensation. This notification shall include:

- 1) The amount of UCRP-covered salary (X, and if applicable, X');
- 2) Which HSCP Salary Scale has been assigned to the Plan member's APU (X, X');
- 3) The amount of negotiated additional compensation (Y); and
- 4) The payment schedule for Incentive/Bonus compensation (Z) payments and the departmental and/or school assessment policy for Z payments.

b. Implementation

~~Campus procedures for implementing this Revisions to school Implementing Procedures that are necessitated by revisions to the Plan shall be submitted for the President's or the President's designee's review and approval within one year of approval of this Plan by The Regents said Plan revisions. Campus procedures School Implementing Procedures may be made effective as of the effective date~~

of ~~this such~~ revisions to the Plan, or at any time thereafter, as authorized
~~approved~~ by the President or the President's designee.

c. Department Chairs shall report annually to Deans the following information for
creating a new APU for fewer than five members:

- 1) Criteria for composition of any APU with fewer than five members, and the
name, series, rank, and step of each member of the APU; and
- 2) Any faculty member who has moved from one APU to another, and the
reason for the movement.

~~Each school, discipline or specialty participating in the Medical School Clinical~~
~~Compensation Plan or the General Health Sciences Compensation Plan at the time~~
~~this Plan is approved by The Regents shall automatically be approved for~~
~~participation in this Plan. Until campus procedures for implementing this Plan are~~
~~approved by the President, the plan or plans currently in use on a campus shall~~
~~remain in effect.~~

~~Chancellors may approve the inclusion in this Plan of individuals who are~~
~~participating in the Medical School Clinical Compensation Plan or the General~~
~~Health Sciences Compensation Plan at the time this Plan is adopted but whose title is~~
~~not in the series listed at Section III.A.~~

APPENDIX A

~~Requirements for Continuation of the Income Limitation Arrangements~~

~~Upon the request of a Chancellor, the President may approve continuation of an individual or a group of individuals employed and operating under Income Limitation Plan arrangement policies prior to November 1993. In order for an individual or group of individuals to be approved, that individual's or group's practice must be examined by outside experts in health care professional compensation and tax and regulatory requirements. These experts shall advise the President whether the Income Limitation Plan arrangement policies and practices for an individual or group are in conformance with legal requirements. To the extent that an individual's or group's practice fails to conform with either tax laws or federal or state regulatory statutes, consultation shall occur with appropriate representatives of the campus regarding steps necessary to comply with tax laws and statutes governing physician reimbursement. Where such requirements cannot be met, the individual or group shall become members of the Health Sciences Compensation Plan.~~

Appendix A

A. Philosophy

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 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. Health sciences faculty members are expected to act as professional role models for all. As a the only public university in California authorized to grant professional doctoral 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 must be exerted to recruit and retain the best and most dedicated faculty. Special compensation plans have been established over the years to provide for quality across academic programs in the health sciences disciplines. These health sciences compensation plans must offer a competitive salary structure indispensable to the health sciences schools' recruitment and retention efforts.

Health sciences disciplines require varying compensation levels in order to remain competitive with comparable schools elsewhere in the United States. However, because University health sciences schools share some common needs and operating requirements, the University has developed a uniform Health Sciences Compensation Plan to govern compensation arrangements and account for compensation plan income to the University's Schools of Medicine,

Dentistry, Nursing, Pharmacy, and other health sciences units as deemed appropriate by the President or the President's designee.

Health sciences compensation plans must be clear and justify calculation of compensation and contain a mechanism for impartial review to protect the rights of individual faculty.

The Health Sciences Compensation Plan is approved, amended and repealed, by and under the authority of ~~the President~~ ~~The Regents~~ of the University of California. Through the Plan, compensation is set as a part of the employment relationship, and as a consequence, the level of compensation and the terms and conditions of the Plan may be amended or repealed at any time by ~~the President~~ ~~Regents~~, following consultation with the Health Sciences Chancellors, Deans and appropriate Academic Senate Committee(s).

The implementation, administration and continued operation of this Plan shall be 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.

~~UC Office of the President~~

Appendix B¹

**Guidelines on Occasional Outside Professional Activities by
Health Sciences Compensation Plan Participants**

~~November 1999~~

xxxx 2011

~~I.a~~ **Introduction**

1) ~~A.~~ **Overview of Office of the President Guidelines**

These ~~g~~Guidelines may be amended or repealed by the President following consultation with the Health Sciences Chancellors, Deans, and the appropriate Academic Senate Committee(s). Questions about these ~~g~~Guidelines should be directed to the Provost and ~~Senior~~Executive Vice President–Academic Affairs.

These ~~g~~Guidelines are intended to provide a framework within which ~~i~~Implementing-~~p~~Procedures will be developed by each health sciences school that participates in the Plan. Additional ~~i~~Implementing-~~p~~Procedures may be developed for individual departments or organized research units. These additional ~~p~~Procedures must be consistent with the Plan and school ~~i~~Implementing ~~p~~Procedures and approved by the Dean. ~~Throughout these guidelines, the term “campus implementing procedures” is a generic term used to refer to school, department and organized research unit implementing procedures.~~

Compensation Plan participants may engage in occasional outside professional activities (other than patient care) and retain the related income only in accordance

¹“Guidelines on Occasional Outside Professional Activities by Health Sciences Compensation Plan Participants” will be revised in concert with APM - 025 revisions.”

with these ~~g~~Guidelines and ~~campus school i~~Implementing ~~p~~Procedures. In addition to these ~~g~~Guidelines, Plan participants must comply with other pertinent policies including:

- Regents' Standing Order 103.1(b) Service Obligations;
- Policy on the Requirement to Submit Proposals and to Receive Awards for Grants and Contracts through the University;
- University Conflict of Interest Code, adopted pursuant to the requirements of the Political Reform Act of 1974; and
- ~~University Regulation No. 4 (APM - 020, Special Services to Individuals and Organizations).~~

~~2).B.~~ **School Implementing Procedures and Faculty Consultation**

School ~~i~~Implementing ~~p~~Procedures must be consistent with these ~~g~~Guidelines, reviewed by the appropriate division Academic Senate committee(s), ~~and~~ approved by the Chancellor, and reviewed prior to implementation by the President or the President's designee. Affected Plan participants shall be provided ~~with~~ the opportunity to review and comment on proposed ~~campus school i~~Implementing ~~p~~Procedures. In addition, as described ~~at Section H.C.5.,~~ in APM - 670-6-d of the Plan, a committee which includes faculty representatives shall advise the Dean on ~~campus school i~~Implementing ~~p~~Procedures developed in accordance with ~~Section H.C.~~ these Guidelines.

Hb. Requirements on Outside Professional Activities by Compensation Plan Participants

~~A.1) General~~

~~School-Campus Implementing Procedures shall include requirements~~
~~Guidelines on outside professional activities by Compensation Plan~~
~~Participants. The University-wide Standard Requirement described at~~
~~H.B. in section b-2 below, shall apply to Plan participants unless an~~
~~Alternative Option is approved in accordance with Section H.C. section b-3~~
~~below, for implementation in the Plan participant's school, department or~~
~~organized research unit. The mechanisms for addressing potential conflicts of~~
~~commitment, described at Section H.C.4, in section b-3(d) below, are~~
~~applicable in schools, departments or organized research units which operate~~
~~under an Alternative Option, but are not required in schools, departments or~~
~~units which operate under the University-wide Standard Requirement.~~

The University recognizes and supports a framework of diverse hours and schedules to accommodate teaching, research and creative work activity, University service, and University-related public service. Accordingly, these Guidelines do not provide a strict definition of a "day" of service, or of compensated outside professional activities. Campus School Implementing Procedures or Guidelines may define a "day" more specifically. If campus school Implementing Procedures do not provide a more specific definition, then a "day" is defined on a case-by-case basis, using common sense and customary practice, and faculty members and Department Chairs or other appropriate administrators should exercise sound professional judgment, taking into account reasonable work schedules, when determining what constitutes a day of outside professional activity. Upon request from the Chancellor or the Chancellor's designee(s), faculty members should be prepared to provide an explanation of the definition of a "day" used in reporting outside activities (see

also APM - 025-4, Conflict of Commitment and Outside Activities of Faculty Members).

2) ~~B.~~ **University-wide Standard Requirement**

The University-wide ~~s~~Standard ~~r~~Requirement is that Plan participants shall be allowed to retain payments from 21 days of service (other than patient care) per fiscal year to governmental agencies, to non-profit health- or education-related organizations, to continuing health education programs administered by the University, or to University Extension, if such service has been approved by the Dean and the Chancellor.

~~C.~~ 3) **Alternative Options**

~~1-a)~~ a) General Overview

Chancellors, after consultation with the appropriate division Academic Senate Committee(s), may submit to the President or the President's designee for review approval provisions in school ~~i~~Implementing ~~p~~Procedures which would modify the University-wide ~~s~~Standard ~~r~~Requirement (as described above in ~~Section II-Appendix B-~~ b-2) to allow Plan participants in all or selected departments or units to retain additional types of income and/or income from more than 21 days of compensated outside professional activities. If an ~~a~~Alternative ~~e~~Option is proposed, the school ~~i~~Implementing ~~p~~Procedures or Guidelines must meet minimum criteria, as described below, with regard to:

- a limit on the number of days devoted to compensated outside professional activity~~s~~;
- a description of types of professional income that may be retained~~s~~;
and

- mechanisms for addressing potential conflicts of commitment, ~~and~~
- ~~an advisory committee.~~

~~2~~b) Limit on the Number of Days Devoted to Compensated Outside Professional Activity

School ~~Implementing~~ p~~rocedures~~ or Guidelines must specify the maximum number of days which Plan participants may devote to compensated outside professional activity. The maximum number of days allowed must not exceed the time limits established for compensated outside professional activities in ~~Academic Personnel Policy~~ APM - 025. The school ~~p~~rocedures may allow departments or organized research units to set more restrictive limits, but such limits shall not be less than 21 days of compensated outside professional activity. Prior to implementing or revising a limit on the number of days devoted to compensated outside professional activities, affected Plan participants shall be provided an opportunity to review and comment on the proposed limit.

~~3~~c) Description of Types of Professional Income that May be Retained

School ~~Implementing~~ p~~rocedures~~ or Guidelines must clearly describe the types of professional income that Plan members may be allowed to retain. Patient care activities must be provided within the University setting, or as part of an approved affiliation agreement or professional service agreement. All clinical income is due to the Plan. In no case will Plan participants be allowed to retain income from patient care activities. In addition to the types of income specified in the University-wide ~~s~~Standard ~~r~~Requirement, school ~~implementing~~ p~~rocedures~~ or Guidelines may allow Plan participants in all or selected departments or organized research units to retain additional types of professional income, such as:

~~a-1)~~ Consulting income from non-profit and for-profit entities, and/or

~~b-2)~~ Income from consulting or testifying as an expert or professional witness.

School Campus ~~Implementing~~ Procedures or Guidelines must also reference: 1) the University's Conflict of Interest Code, adopted pursuant to the requirements of the Political Reform Act of 1974, which requires designated University employees to disqualify themselves from participating in University decisions in which they have a personal financial interest; and 2) the Policy on the Requirement to Submit Proposals and to Receive Awards for Grants and Contracts through the University. Since a faculty member's compensated outside activities may create an obligation for the faculty member to disclose a financial interest before making or participating in certain University decisions, ~~campus~~ school ~~Implementing~~ Procedures or Guidelines should also specify where ~~on-campus faculty can~~ to obtain information on the disclosure and disqualification requirements of the Political Reform Act of 1974, including the Academic Decision Regulation.

~~4-d)~~ Mechanisms for Addressing Potential Conflicts of Commitment

School ~~Implementing~~ Procedures shall include mechanisms to identify and resolve potential conflicts between a Plan participant's commitment to generating revenues within the Plan and his or her outside professional activities. These mechanisms shall apply to all departments or units in which the University-wide ~~s~~Standard-~~r~~Requirement on occasional professional activity (as described above in ~~Section H-~~ Appendix B-b-2) has been modified to allow Plan participants to retain additional types of income and/or income from more than 21 days of service.

Responsibilities of the Department Chair that are discussed below shall be

assumed by the Dean with respect to oversight of the outside professional activities of Department Chairs.

~~a.1) Reporting of Outside Professional Activities~~

Each Plan participant shall be required to submit to his or her Department Chair an annual report describing the previous year's outside professional activities from which the Plan participant retained income and an attestation of adherence to procedures implementing these ~~g~~Guidelines. It is the responsibility of the Plan participant to bring to the attention of his or her Department Chair those activities which require advance approval pursuant to ~~Sections H.C.4.b. and c., below.~~ APM - 670-10.

~~b. Good Standing Criteria~~

~~Written good standing criteria shall be established at the school, department or organized research unit level. Plan participants must satisfy the good standing criteria in order to be allowed to earn and/or retain income from professional activities. Good standing criteria might include, for example, requirements for clinical coverage, teaching obligations, participation in departmental activities and revenue generation. Prior to the implementation or revision of good standing criteria, affected Plan participants shall be provided the opportunity to review and comment on the proposed criteria.~~

~~Faculty who are not in good standing must obtain advance approval from the Department Chair to engage in any unassigned professional activities, and the income from all such approved activities shall accrue to the Compensation Plan, not to the Plan participant. Exceptions may be approved in writing in accordance with campus~~

~~procedures. Any faculty member who is not in good standing shall be notified in writing by the Department Chair of the reasons for that determination. Faculty who believe the good standing criteria have been applied unfairly may appeal to the Advisory Committee (described at section II.C.5. below) in accordance with campus procedures.~~

2)e. *Annual Outside Professional Earnings Approval Threshold*

An annual outside professional earnings approval threshold shall be established at the school, department or organized research unit level. A Plan participant who has satisfied the ~~g~~Good s~~Standing~~ e~~Criteria~~ established in accordance with ~~Section II.C.4.b. APM - 670-10,~~ who has not exceeded the limit on the number of days devoted to compensated outside professional activities established in accordance with ~~Section II.C.2, Appendix B-b-3(b),~~ and whose annual earnings from all outside professional activities will be less than the approval threshold is allowed to engage in outside professional activities (other than patient care) in accordance with all applicable University policies without having to request prior approval from his or her Department Chair ~~to engage in the activities.~~ The approval threshold must not exceed the maximum approval threshold set by the ~~President Provost.~~ Effective with the issuance of these ~~g~~Guidelines, the maximum annual outside professional earnings approval threshold set by the ~~President Provost~~ shall be ~~\$20,000~~ 40,000 or 20 percent of the Health Sciences Compensation Plan ~~s~~Salary s~~Scale~~ for an individual faculty member's rank, step, and ~~academic programmatic unit~~ APU, whichever is greater.⁴² This approval threshold may be adjusted for

⁴² For example, under this provision, using the salary scales effective on 10/1/99, 2010, a Professor, Step IX, on the Health Sciences Compensation Plan salary scale 9 (the highest salary scale) could be permitted to earn and retain up to \$64,840/74,120 (20 percent of \$324,200/370,600) before having to request approval to engage in outside professional activities.

inflation on a periodic basis by the ~~Office of the President, Provost in~~ accordance with the California Consumer Price Index (CPI). The adjusted threshold will be published in the Academic Salary Scales and campuses may adjust their local thresholds accordingly. The maximum approval threshold may also be re-evaluated periodically by the ~~Office of the President–Provost~~ in consultation with campus management ~~and the Academic Senate. The first re-evaluation will be three to five years after these guidelines are issued. Prior to the implementation or revision of~~ implementing or revising a school, department or unit approval threshold, affected Plan participants shall be provided an opportunity to review and comment on the proposed threshold.

Each Plan participant shall be responsible for maintaining a running total of his or her annual earnings from all outside professional activities. If the Plan participant wishes to engage in an activity that might reasonably be expected to cause his or her total annual earnings from all outside professional activities to exceed the approval threshold established for his or her school, department or organized research unit, then the Plan participant must request approval to engage in the activity. To request approval, the Plan participant is required to provide to his or her Department Chair, in writing, relevant details about the engagement including: the nature of the services to be provided; the person or entity who will receive and/or pay for the service;²³ the anticipated period of service and/or days to be devoted to the activity; the total expected income from the activity; and the amount by which the participant's total annual earnings from outside activities are expected to exceed the threshold. Department Chairs shall forward to the Dean any request which

²³ When required to ensure appropriate patient confidentiality, the person or entity to be reported as recipient/payer for professional witness activities is the attorney or law firm requesting the services.

requires review by the Dean and/or Chancellor in accordance with ~~campus school Implementing p~~Procedures and Guidelines. ~~If a Plan participant's request is approved, the Plan participant may retain the entire amount of income from that activity, including the portion which exceeds the approval threshold.~~ If a request is not approved, the Department Chair will advise the Plan participant whether: 1) the activity may be undertaken, but with all related income accruing to the Compensation Plan; or 2) the activity may not be undertaken at all. After a Plan participant has received approval to engage in an activity which may cause his or her total annual earnings from outside professional activities to exceed the established approved threshold, he or she must request the Chair's approval for any subsequent engagement(s). If such engagements are allowed, they shall be undertaken with all related income accruing to the Compensation Plan unless an exception is approved in writing in accordance with ~~campus school Implementing p~~Procedures or Guidelines.

Department Chairs and/or Deans may approve Plan participants' requests to engage in outside professional activities in accordance with ~~campus school Implementing p~~Procedures or Guidelines. However, ~~campus school Implementing p~~Procedures or Guidelines shall state that only the Chancellor has authority to approve any request which involves a Plan participant retaining earnings that exceed the maximum annual outside professional earnings approval threshold set by the ~~President Provost~~ ([see above in Section II.C.4.e. Appendix B-b-3(d)(2)]). ~~Requests approved by the Chancellor shall be in writing with a copy to the President.~~

Plan participants shall notify Department heads immediately if they inadvertently exceed the dollar threshold or if any of the information they provided in an approval request changes or ~~becomes~~ is found to

be inaccurate; for example, a participant should immediately notify his or her Department Chair if the initial estimate of earnings from an outside professional activity turns out to be understated. Plan participants are subject to corrective action and disciplinary measures as outlined above in ~~Section IV~~ Appendix B-d for violation, neglect or manipulation of Compensation Plan requirements.

5. ~~Advisory Committee~~

~~An advisory committee which includes faculty representatives shall be established to assist the Dean in resolving issues on outside professional activities which arise from implementation of these guidelines. The composition of the committee, method for selecting members, term of service, and procedures (including those for receiving and hearing faculty complaints) shall be specified in the school implementing procedures. At least half of the committee's voting members shall be elected by members of the Compensation Plan. The committee's functions shall include advising the Dean on:~~

~~a. School implementing procedures, including the establishment of good standing criteria and approval thresholds.~~

~~b. Processes for developing departmental and organized research unit implementing procedures including methods for obtaining faculty input and for determining consistency with school implementing procedures.~~

~~e. Faculty grievances with regard to the implementation and administration of these guidelines.~~

III.c. Limitations on Use of University Resources in Connection with Outside Professional Activities

The use of University staff, laboratories, facilities, or other University resources in connection with outside professional activities is subject to limitations. The Faculty Code of Conduct, Part II, C. lists the unauthorized use of University resources or facilities on a significant scale for personal, commercial, political, or religious purposes as a type of unacceptable conduct (see ~~Academic Personnel Policy~~ APM - 015, Section II). In general, when faculty retain income from professional consulting or expert witness activities, particularly when the activities are conducted for third party for-profit entities or private individuals, the costs associated with the consulting or witness activities should be borne by the third party or the faculty member, not by the University. In addition, the University's liability coverage does not extend to certain faculty consulting and expert witness activities. For example, University malpractice/professional liability coverage does not generally extend to expert witness activities when the faculty member retains the related income. Questions about the appropriate use of University resources and coverage under University liability programs should be discussed with the faculty member's department or unit head, who may consult with the Dean. The Dean will, if necessary, refer the questions to other appropriate University officers.

IV.d. Monitoring and Enforcement

The primary means of monitoring compliance will be review by Department Chairs of information provided by the faculty member in annual reports on outside professional activities. If a Department Chair has any concerns about whether a Compensation Plan member is meeting the established standards, the matter may be referred to the Dean of the appropriate School. The responsibility for oversight of the outside professional activities of Department Chairs shall reside with the Dean.

~~School~~ ~~Campus~~ ~~Implementing~~ ~~Procedures~~ ~~or~~ ~~Guidelines~~ shall clearly state that the University reserves the right to take corrective action and disciplinary measures ~~against~~ ~~toward~~ any Compensation Plan member who fails to comply with Compensation Plan ~~Implementing~~ ~~Procedures~~ ~~or~~ ~~Guidelines~~ on outside professional activities. Situations where Compensation Plan members will be considered out of compliance include, but are not limited to:

- Failure to turn over income due to the Plan as required by ~~campus school~~ ~~Implementing~~ ~~Procedures~~ ~~or~~ ~~Guidelines~~, and
- Failure to accurately disclose and describe the nature and scope of outside professional activities as required by ~~campus school~~ ~~Implementing~~ ~~Procedures~~ ~~or~~ ~~Guidelines~~.

If the Department Chair or the Dean has reason to believe that a Plan member has not complied with the ~~campus school~~ ~~Implementing~~ ~~Procedures~~ ~~or~~ ~~Guidelines~~ on outside professional activities, the Dean may take appropriate corrective action. A procedure for hearing and resolving disputes about corrective action shall be provided in school ~~Implementing~~ ~~Procedures~~. Corrective action refers to the discontinuation of certain privileges available only to Plan members, in particular the opportunity to earn and receive compensation above the fiscal year salary scale through the Compensation Plan, because of noncompliance. For example, corrective actions may include:

- Incentive or bonus compensation (commonly referred to as “Z” compensation) may be ~~discontinued~~ ~~suspended~~ until such time as the Plan member complies with the Compensation Plan provisions, ~~or~~
- Additional negotiated compensation (commonly referred to as “Y” compensation) may be set with consideration of the Plan member’s prior

performance, including compliance with guidelines on outside professional activities.

Compensation established in accordance with the specialized ~~h~~Health ~~s~~Sciences ~~s~~Salary ~~s~~Scales (commonly referred to as “X” compensation) shall not be reduced as a corrective action unless the Plan member is placed, by ~~Presidential~~ Chancellorial exception, on the fiscal year salary scale.

Reductions in compensation are not always the result of corrective action and may also occur for other reasons such as insufficiency of current year income and contingency reserves (see ~~Health Sciences Compensation Plan, Section VI. D-Appendix C~~). Whenever reductions in compensation are the result of corrective action, faculty shall be so notified in writing.

In addition, corrective action will not preclude sanctions or disciplinary measures in accordance with the Faculty Code of Conduct and Academic Senate Bylaws. Violations by Plan members of either the time limits or approval thresholds on outside professional activities represent an unauthorized use of University resources and/or retention of funds belonging to the University. Such violations are subject to discipline in accordance with the Faculty Code of Conduct.

An Academic Senate member who is subject to corrective action has available ~~to him or her~~ a grievance process through the Privilege and Tenure Committee as described in Academic Senate Bylaw 335. Non-Senate ~~Other~~ faculty may grieve through the provisions of ~~Academic Personnel Policy~~ APM - 140.

Appendix C

Campus Accounting and Budgeting Methods

Aa. Management and Reporting of Professional Services Income and Expenses

1) University Management

All professional services income generated by Compensation Plan members shall be managed by, accounted for and reported as considered revenue of the University; the only exception to this requirement shall be income which the Plan participant is allowed to retain in accordance with Section IV-D APM - 670-19. All compensation paid by the University to Plan members will be subject to Federal and State withholding and reported on a W-2 form as wages in accordance with Internal Revenue Service (IRS) Regulations and University policies and procedures. All compensation must be included in the employee's income as wages subject to withholding for applicable Federal, State and FICA taxes. Eligibility and withholding for benefits (such as the University of California Retirement Plan, Retirement Savings Programs and employee life insurance programs) will be determined based upon the University's policies and procedures. Campus School Implementing Procedures shall include billing and accounting procedures necessary to assure accountability for all funds. All financial transactions shall be approved, documented, and otherwise processed or executed in accordance with University policies, procedures and delegations of authority.

- a) Professional fee billing and collection activities shall be conducted by University billing groups, by external vendors with which the University has contracted, or as otherwise permitted by University procedures. All such fees shall be deposited upon receipt by the University or by an external

vendor in a University bank account established in accordance with University delegations of authority.

- b) Contracts with external billing vendors shall be processed and executed in accordance with delegated authority and University purchasing policies and procedures. They shall contain standard University-approved clauses, be subject to audit, and provide for monthly transmission of billings and receipt information to the University. Specific University-wide regulations may be developed for such contracts as needed to assure that funds are accounted for, safeguarded, and appropriately managed.

2) Reports

The accounting standards specified in the University of California Accounting Manual must be used in reporting income and expenses in all compensation arrangements.

Bb) Fund Accounts and Sources

Each campus shall establish one or more school Compensation Plan fund-account(s) in the financial accounting records for the campus (or, with the approval of the Chancellor on recommendation of the Dean, a department, division, or academic programmatic unit fund an account for each such unit participating in this Plan;)- All fund accounts shall be separate University accounts and shall receive may also be established at the department and divisional level. Plan income from the following sources should be recorded in these accounts:

1.1) Income from professional services.

2.2) Amounts paid by University hospitals or affiliated institutions for professional and managerial services rendered to the hospitals by participants in the Plan, excluding stipends in IV.D.6-APM - 670-18-c(3).

~~3.3) Such other funds as are required by the Chancellor or President or the
President's designee to be included in fund accounts.~~

~~Certain other sources of University income may be available to support faculty
compensation and benefits but are not recorded in Compensation Plan fund accounts,
such as:~~

- ~~1) Funds made available for salaries from University-administered grants and contracts.~~
- ~~2) Funds made available from unrestricted, non-State fund accounts within the school.~~
- ~~3) Gifts and other funds available for such purposes, as allocated by the Dean or
Chancellor.~~

~~c. **Assessment of Professional Services Income.**~~

~~To ~~As an~~ aid in the administration, budgeting, and allocation of professional services
income, gross Plan income shall be assessed using a rate(s) annually recommended
by the Dean and approved by the Chancellor for each school or department. The
income categories specified in Section IV.D. APM – 670-19 are not subject to
assessment.~~

~~d. **Contingency in Event of Inadequacy of Health Sciences Fund Accounts**~~

~~Campus School Implementing p Procedures shall require the establishment of one or
more reserve fund(s) account(s) and shall specify whether such reserve funds
account(s) will be established at the school, department, or division ~~or academic~~
~~programmatic unit level.~~ The purpose of the reserve(s) is to provide the funds
necessary to pay Plan expenses, including the agreed-upon compensation to each
Plan participant, in the event that the current year income of the Plan is insufficient to
do so. If the funds in the appropriate reserve account are insufficient for the purpose,~~

the Chancellor may seek support from another non-State fund-account(s) (or other non-State fund accounts)-within the school. If such support is not forthcoming, then the campus will reduce the participants' additional compensation in a uniform manner in accordance with any fund source restrictions across the school, department, or division, or academic programmatic unit as determined by the Chancellor.

Although funds may be transferred from one fund-account to another within a health sciences school in accordance with University accounting and budgeting policies and procedures, fund-accounts on each campus shall be maintained as financially independent for administrative purposes.

e. **Budgeting**

Subject to approval by the Chancellor on recommendation of the Dean, each campus shall develop a process to annually budget for and monitor expenditures from the Health Sciences Compensation Plan fund-accounts. Expenditures shall be budgeted for and funded in the following order of priority:

1.1) Clinical practice operating expenses, defined as costs incurred by the University for billing and collection of fees for clinical services; for faculty use of University-owned and/or -leased practice facilities; and for related professional operating activities.

2.2) To the extent that funds remain after expenditures for clinical practice costs indicated in 1., above, compensation may be paid to eligible participants in the Plan. Base salary and related benefits, including any required contribution on behalf of University of California Retirement Plan covered compensation, shall be funded before additional compensation.

~~3.3) To the extent that funds remain after the foregoing expenditures, benefits costs approved in accordance with Sections V.B. and V.C., APM - 670-20 may be paid.~~

~~4.4) To the extent that funds remain after all the foregoing expenditures, funds shall be contributed to the reserve(s) for contingencies in an amount recommended by the Dean and approved by the Chancellor.~~

~~5.5) When a health sciences fund account has accumulated a surplus beyond that required for expenditures and reserves as provided in all the above categories, the surplus shall be used as follows:~~

- ~~a) At least one-half may be used for academic purposes in the department or division of origin (including but not limited to salaries for support personnel) as recommended by the Chair and approved by the Dean; and~~
- ~~b) The remainder may be used for other purposes in the school or campus as recommended by the Department Chair and the Dean and approved by the Chancellor.~~

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670-0 **Policy**

The Health Sciences Compensation Plan (HSCP) provides a policy framework within which Implementing Procedures will be developed by each health sciences school that participates in the Plan. School Implementing Procedures must be consistent with the Plan and its philosophy (see Appendix A), reviewed by the appropriate faculty committee(s), approved by the Chancellor, and reviewed prior to implementation by the President or the President's designee.

In developing Procedures consistent with this policy, the participating health sciences schools, after discussion and comment by the participants, and consultation with the school Advisory Committee, may include provisions that are more, but not less, restrictive than those outlined herein.

670-2 **Purpose**

The purpose of this Health Sciences Compensation Plan is to provide a common administrative framework within which a participating health sciences school can compensate its faculty according to the competitive requirements of each discipline. Specific goals of this Plan are:

- a. To provide sufficient non-State resources to recruit and retain outstanding health sciences faculty;

- b. To encourage a balance among teaching, research/clinical care, and University and public service activities of the standards of excellence required in the University of California;
- c. To provide teaching, patient care and research incentives that encourage and recognize academic merit as well as generate income;
- d. To offer consistent benefits and privileges to participating health sciences faculty;
and
- e. To benefit the health sciences schools by providing academic and research support funds in addition to State-appropriated funds.

670-6 Responsibility

a. Role of the President

After consultation with the Health Sciences Chancellors, Deans, and the appropriate Academic Senate committee(s), the President may amend or repeal any portion of or the entire Plan.

The President or the President's designee shall review Implementing Procedures for those schools selecting participation in the Plan.

The President shall report to The Regents total compensation for any Plan participant which is greater than four times the highest step on the Professor Series Fiscal Year Salary Scale.

b. Role of the Chancellor

The Chancellor shall have operational authority over the development and, subsequent to review by the President or the President's designee, implementation and monitoring of the school Implementing Procedures for administration of this Plan.

The Chancellor shall be responsible for assuring that affected Plan participants and the appropriate division Academic Senate committees shall be afforded the opportunity to review and comment on the proposed school Implementing Procedures.

c. Role of the Academic Senate

The President shall consult with the appropriate Academic Senate committee(s) concerning proposed revisions of this Plan.

The appropriate division of the Academic Senate and other committee(s) shall be provided the opportunity to review and comment on any proposed exceptions to school Implementing Procedures which the Chancellor intends to submit to the President or the President's designee for review.

d. Role of the Advisory Committee

A school-specific Advisory Committee which includes Senate and non-Senate faculty members representative of the disciplines participating in the Plan shall be established to assist the Dean in resolving the issues that may arise from implementing the Plan.

The Committee assists in assuring compliance with and resolving issues on outside professional activities, conflict of interest, and conflict of commitment. The Committee also reviews the submissions of individual department or unit Implementing Procedures.

The composition of the Committee, method for selecting members, terms of service defined to ensure rotation of service, Committee responsibilities, and procedures (including those for receiving and hearing faculty complaints) shall be specified in school Implementing Procedures. No more than fifty percent of the voting members may be appointed by the Dean. The Committee's functions shall include advising the Dean on:

- 1) Development of the school Implementing Procedures, including the establishment of Good Standing Criteria, Academic Programmatic Unit (APU) assignments, and APU Scales.
- 2) Departmental Implementing Procedures including methods for obtaining faculty input and for determining consistency with school Implementing Procedures.
- 3) Review of potential conflicts between a Plan participant's commitment to generating revenue within the Plan and his or her outside professional activities.
- 4) Review of faculty appeals regarding implementing and administering the Plan that are not resolved at the department or school levels or are submitted to the Advisory Committee as a result of a determination of loss of Good Standing.

The Dean is responsible for implementing and administering the school Plan, including the resolution of complaints and appeals. Senate faculty members may pursue their grievance rights before the Privilege and Tenure Committee under Senate Bylaw 335. Non-Senate faculty are entitled to a Step III hearing under APM - 140.

The Advisory Committee will provide an annual summary report on its activities to Plan participants, the Dean and the Chancellor.

670-10 **Standards/Criteria/Qualifications**

Good Standing Criteria

- a. Written Good Standing Criteria shall be established at the School or Department level and shall be included in the school Implementing Procedures. Good Standing Criteria must include: 1) a definition of Good Standing, 2) a description of the administrative review process that occurs when a member is determined to be out of Good Standing, 3) consequences for not being in Good Standing, and 4) the process by which a faculty member may return to Good Standing.

- b. Health sciences research and clinical practice are characterized by considerable diversity in sources of funding and are dependent on revenue streams that can be interrupted due to external circumstances, sometimes beyond the control of faculty. In support of the health sciences school's central function, a major responsibility of the Administration is to provide the faculty with conditions hospitable to the pursuits of teaching, research/scholarship, clinical care, and University and public service. The faculty member is responsible for performing

the duties assigned at the time of hire, as well as reasonable new duties assigned by the department.

Good Standing Criteria for health sciences faculty will include expectations related to their academic series, departmental expectations related to service, and expectations related to generation of salary support and shared expenses.

Plan participants must satisfy the Good Standing Criteria in order to be allowed to earn and/or retain income from professional, non-clinical activities. Good Standing Criteria might include, for example, keeping appropriate licensure and clinical privileges current, or meeting requirements for clinical coverage, teaching obligations, participation in departmental activities, or revenue generation. A pathway to return to Good Standing, should it be lost, must be defined. Prior to implementing or revising Good Standing Criteria, affected Plan participants or the Advisory Committee representatives shall be provided the opportunity to review and comment on the proposed criteria.

All members of a clinical practice plan should be deemed in Good Standing until they encounter some circumstance in which their capacity to earn income is impaired. A faculty member may fail to be in Good Standing only for conduct which significantly and negatively impacts the health sciences school's central functions of clinical care, scholarship, teaching, and University and public service. Reasons for loss of Good Standing might include, for example, instances of misconduct, inability to generate salary support, refusal to participate in assigned duties, failure to participate in mandatory training, loss of clinical privileges, or loss of licensure and/or credentials.

A determination that a faculty member is not in Good Standing may affect the amount of negotiated additional compensation [Y; see APM - 670-18-c(1)]

and/or Incentive/Bonus compensation [Z; see APM - 670-18-c(2)] that the faculty member may earn. If a faculty member is unable to practice at a specific site due to revocation of clinical privileges, for example, that faculty member must be willing to undertake new duties as assigned, or otherwise must forfeit the compensation from that assignment. Faculty who are not in Good Standing must obtain advance approval from the Department Chair to engage in any unassigned professional activities, and the income from all such approved activities shall accrue to the Plan, and not to the Plan participant.

Exceptions may be approved in writing in accordance with school Implementing Procedures. A determination that a faculty member is not in Good Standing must be approved by the Dean, and any faculty member who is not in Good Standing shall be notified in writing by the Department Chair of the reasons for that determination and what steps must be taken in order to return to Good Standing. Faculty who believe that Good Standing Criteria have been applied unfairly may appeal to the Advisory Committee (described in APM - 670-6-d) in accordance with school Implementing Procedures.

670-14 **Eligibility**

Membership in the Health Sciences Compensation Plan

a. **Membership Requirements**

Individuals in health sciences schools, disciplines or specialties that have been approved for participation in this Plan shall be members of this Plan if they hold a University appointment at greater than 50 percent of full time,

funded by one or more of the participating health sciences units, in any of the following title series:

- 1) Professor
- 2) Professor In Residence
- 3) Professor of Clinical _____ (e.g., Medicine)
- 4) Adjunct Professor
- 5) Acting Professor
- 6) Health Sciences Clinical Professor
- 7) Health Sciences School Dean titles
- 8) Any other title series approved for membership in this Plan by the President or the President's designee

A member of the faculty who has retired may be recalled to participate in the Health Sciences Compensation Plan yet may not exceed a maximum total per each fiscal year of 43 percent of full time. All other faculty participating in the Plan must hold appointments greater than 50 percent of full time.

Deans and other faculty administrators in Plan schools shall be members of the Plan if they hold an underlying Health Sciences Compensation Plan faculty title; however, salary and reporting requirements are defined by the personnel policies governing the administrative appointments.

Membership in the Plan is a term and condition of employment. All new and continuing eligible Plan members shall receive a copy of this Plan document, the school Implementing Procedures and any related School or Departmental Guidelines setting forth campus and departmental policy applicable to faculty covered by the Plan.

Membership in the Plan shall continue while the Plan continues to be in effect. Separation from an eligible appointment will terminate membership in the Plan.

Faculty holding any of the titles 1 through 8 above with an appointment in more than one department may be considered for inclusion in the Plan if their appointment is more than 50 percent full time and funded by one or more of the participating health sciences units. If included in the Plan, they will be subject to continued membership and all regulations of the Plan.

Determination of and responsibility for the faculty member's salary must be jointly agreed to and memorialized by the Chairs of the affected Departments and approved annually by the Dean(s). The Departments participating in the Plan are responsible for administering compensation including health and welfare benefits.

b) **Exceptions to Membership Requirements**

The Chancellor may approve exceptions to membership requirements in individual circumstances to meet special teaching, research, clinical care, or University and public service requirements.

The Chancellor shall review and has authority to approve specific requests by Deans for inclusion in the Plan of individuals in a health sciences school whose appointments are in the title series listed in APM - 670-14-a, regardless of percentage of time.

670-18 Salary

a. Total Compensation

Faculty members participating in this Plan shall:

- 1) receive base salary as described in section b, below;
- 2) be eligible for optional University additional compensation as described in section c, below; and
- 3) be permitted to retain other miscellaneous income as described in APM - 670-19.

Payment under the Health Sciences Compensation Plan will be made directly to the Plan participant in his/her individual capacity and will not, absent prior approval from the President or the President's designee, be made to any professional corporation or other legal entity maintained by the Plan participant.

Generally, off-scale salaries are not awarded. No State funds shall be used for the portion of base salary that exceeds the Fiscal Year Salary Scales for the Plan member's rank and step or for optional University additional compensation as described in section c, below. This portion of compensation shall be funded using Compensation Plan funds and other non-State funds in compliance with any related fund source restrictions.

b. Base Salary (X and X') and Academic Programmatic Unit (APU)

Base salary for an individual is the approved rate on one of the Health Sciences Compensation Plan Salary Scales, associated with that faculty member's

academic rank, step and assigned APU. Base salary shall equal at least the approved rate on the Fiscal Year Salary Scale (HSCP Scale 0) for the faculty member's rank and step (X). The base salary is covered under the University of California Retirement Plan (UCRP) up to the amount permissible and in accordance with UCRP provisions and regulations. Plan participants shall be assigned to APU scales and approved by the Dean and assignments may be changed in accordance with guidelines issued by the Chancellor. The differential, between X (Scale 0) and the faculty member's rank and step on the HSCP Salary Scale assigned to the faculty member's APU, is designated X-prime (X').

- 1) For the purpose of determining Health Sciences Base Salary Rate, each Department shall establish at least one APU to which the faculty shall be assigned. An APU shall be composed of faculty with similar clinical, teaching and research responsibilities. The Department Chair shall recommend an appropriate APU assignment for each member of the Plan, based on clinical, teaching and research responsibilities. Each APU shall be assigned to an HSCP Salary Scale, according to school Implementing Procedures.
- 2) In keeping with the responsibility of the University to ensure consistency of compensation by creation of APUs or assignment of faculty to APUs, the following shall be observed:
 - a) Deans are authorized to approve the faculty composition of each APU and assignment of a salary scale to that unit, subsequent to the Department Chair's recommendation.

- b) Deans must receive advance approval from the Chancellor or the Chancellor's designee for an APU comprised of fewer than five members.
- c) An APU must remain at its assigned HSCP Salary Scale for at least one year before being assigned to a higher or lower scale.
- d) An APU is permitted to move to a higher HSCP Salary Scale by a maximum of one scale per year. An APU typically moves down no more than one scale at a time.

No individual faculty member may be moved from one APU to another without a significant change in duties or a change in department.

c. Optional University Additional Compensation

School Implementing Procedures and department, division and/or APUs may provide for the payment of additional compensation. Prior to implementing or revising Implementing Procedures, affected Plan participants and the Advisory Committee shall be afforded the opportunity to review and comment on the proposed Procedures. Implementing Procedures shall specify how additional compensation will be calculated, when it will be paid, and the title(s) of person(s) authorized to approve individual compensation agreements. Additional compensation may be paid, in accordance with fund source restrictions, as follows:

- 1) Negotiated additional compensation (Y)

Plan members may receive a negotiated amount of additional compensation. This component of pay is beyond the base salary and is not covered

compensation for UCRP, but may be eligible for optional disability and life insurance programs, where applicable.

2) Incentive/Bonus compensation (Z)

Plan members may receive incentive/bonus compensation. This incentive/bonus compensation is not covered compensation for UCRP.

Departmental Implementing Procedures will describe the manner in which faculty members within a department, division, or APU may earn incentive compensation beyond base and negotiated compensation, upon approval by the Dean.

3) Administrative Stipends

Plan members may receive administrative stipends, defined as payments by the University for responsibilities related to University administration beyond normal responsibilities.

670-19 **Other Outside Income That May be Retained by Plan Members**

- a. Patient care activities must be provided within the University setting, or as part of an approved affiliation agreement or professional service agreement. All clinical income is due to the Plan. In no case will Plan participants be allowed to retain income from patient care activities.
- b. Certain categories of income accruing from occasional service, as described below, may be retained by Plan members. Department Implementing Procedures must address whether members can deposit remuneration from miscellaneous

outside activities into an academic enrichment account, and the terms and conditions for those accounts. The Department Chair and/or Dean shall monitor the frequency of individual activity in these areas:

- 1) Income from occasional outside professional activity in accordance with the Guidelines on Occasional Outside Professional Activities by Health Sciences Compensation Plan Participants issued by the President or the President's designee, school Implementing Procedures and APM - 025 (see also Appendix B);
- 2) Prizes, defined as gifts in recognition of personal achievements and not for services rendered;
- 3) Royalties, defined as shares of proceeds for contributions as authors or inventors, as allowed under the University's copyright and patent policies;
- 4) Honoraria, defined as payments by agencies outside the University for occasional lectures and similar public appearances beyond normal academic responsibilities to the University of California and which are not in return for other services, whether given directly or indirectly;
- 5) University honoraria, defined as payment for occasional lectures or similar services performed on a University of California campus as permitted by Academic Personnel Policy; and
- 6) Income from a profession or activity unrelated to the training and experience which is the individual's qualification for University appointment as determined by the Department Chair in consultation with the Dean.

c. Complaints and Appeals

Faculty with a complaint about an issue related to outside professional activities should first try to resolve the issue at the departmental level. If the complaint cannot be resolved through discussions, the faculty member's complaint and the Department Chair's response should be documented. If the faculty member disagrees with the departmental decision, s/he should file a formal complaint with the Dean. The Dean will charge the Advisory Committee with fact-finding. Both the Chair or the Chair's designee and the faculty member will have the right to be heard by the Committee. The Committee will issue a formal recommendation for resolution to the Dean. The Dean makes the decision based on this recommendation. Senate faculty members may pursue their grievance rights under the terms of Senate Bylaw 335. Non-Senate faculty may request a hearing under the terms of APM - 140.

670-20 Use/Terms of Employment/Conditions of Employment

Benefits

No campus may offer faculty benefits beyond those which have been approved by The Regents. All benefits shall be provided in accordance with policies and/or guidelines issued or approved by the Office of the President. Each health sciences school and respective accounting office shall develop and provide a funding mechanism for support of all benefits made available under the provisions of this Plan, and this mechanism shall be included in the school Implementing Procedures established for administration of the Plan.

All such benefits as described below and in related policies shall be provided uniformly within school departments or divisions, as reviewed by their participants and as approved by the Dean.

a. **Base Salary-Related Benefits**

Base salary-related benefits are associated with an individual's salary from one of the Health Sciences Salary Scales. These benefits include participation in the UCRP, health care benefits, disability benefits, regular term life coverage, and other benefits as may be approved by The Regents. Base salary-related benefits will be made available to faculty members who are members of this Plan on the same basis as to all other members of the University faculty.

b. **Optional Benefits on Additional Compensation**

The Regents have authorized disability and life insurance benefit programs related to health sciences additional compensation beyond the base salary. These programs must be approved by the Office of Human Resources, Office of the President. Policies governing optional disability and life insurance programs on additional compensation are available from that office.

c. **Paid Leave**

Plan members who are eligible for sabbatical leave, leave with salary, or extended illness leave may be granted such leave at the Health Sciences Scales Base Salary rate (X, X') or total negotiated salary rate as set forth in local implementing procedures. A Plan member leaving University service or transferring from a vacation-accruing title to a non-accruing title shall be paid for accrued vacation at the Plan member's total negotiated salary rate at the time of separation.

With the exception of the two provisions below, or where explicitly stated in policy, members of the Plan are eligible for leaves as defined in APM - 710 - 760. Schools or Departments may include provisions in Implementing Procedures for leaves which must clearly define whether any additional leave will be paid at the base salary or total negotiated salary rate. In the absence of specific Implementing Procedures, the leaves as described in APM - 710 - 760 will be used.

1) **Extended Illness**

Members of the Plan who have a full-time appointment and have been employed for at least one full year and who are unable to work for reasons of extended personal illness, injury, or disability, shall be granted paid medical leave of a minimum of six (6) weeks of consecutive or intermittent paid medical leave at the approved base salary. Any additional compensation under the HSCP shall be paid in accordance with campus policies.

- a) Extended illness leave may not exceed the maximum allowable under APM - 710-11-a and b.
- b) Authority to review and approve requests for extended illness leave resides with the Chancellor. This authority may be redelegated.

2) **Childbearing and Childrearing**

Childbearing and childrearing leaves shall be consistent with APM - 760-25. In no case can childbearing and childrearing leave be less than the minimum amount allotted under APM - 760-25b.

670-22 Funds

The management and reporting of professional services income and expenses under this Plan must be consistent with campus accounting and budgeting methods as outlined in Appendix C of this policy.

670-24 Authority

a. The President

- 1) The President or the President's designee shall have the authority to issue administrative regulations and procedures further refining this Plan.
- 2) The President or the President's designee shall approve the inclusion or exclusion of a health sciences school, discipline, or specialty in the Plan, subsequent to the Chancellor's approval.

b. The Chancellor

- 1) The Chancellor shall approve, subsequent to the President's or the President's designee's review, school Implementing Procedures.
- 2) The Chancellor shall approve revisions of those Procedures within the limitations of the Plan, and submit a copy of the revisions to the President or the President's designee.
- 3) The Chancellor shall approve individual exceptions to the provisions of the Plan to meet special teaching, research, or clinical service requirements.

- 4) Such authority may not be redelegated.

670-80 **Procedures/Review Procedures**

a. **Annual Notification**

Once per fiscal year, the Department Chair or Unit Head shall provide each member of the Plan with written notification of the member's total annual compensation. This notification shall include:

- 1) The amount of UCRP-covered salary (X, and if applicable, X');
- 2) Which HSCP Salary Scale has been assigned to the Plan member's APU (X, X');
- 3) The amount of negotiated additional compensation (Y); and
- 4) The payment schedule for Incentive/Bonus compensation (Z) payments and the departmental and/or school assessment policy for Z payments.

b. **Implementation**

Revisions to school Implementing Procedures that are necessitated by revisions to the Plan shall be submitted for the President's or the President's designee's review within one year of approval of said Plan revisions. School Implementing Procedures may be made effective as of the effective date of such revisions to the Plan, or at any time thereafter, as authorized by the President or the President's designee.

- c. Department Chairs shall report annually to Deans the following information for creating a new APU for fewer than five members:
- 1) Criteria for composition of any APU with fewer than five members, and the name, series, rank, and step of each member of the APU; and
 - 2) Any faculty member who has moved from one APU to another, and the reason for the movement.

Appendix A

Philosophy

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 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. Health sciences faculty members are expected to act as professional role models for all. As a public university in California authorized to grant professional doctoral 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 must be exerted to recruit and retain the best and most dedicated faculty. Special compensation plans have been established over the years to provide for quality across academic programs in the health sciences disciplines. These health sciences compensation plans must offer a competitive salary structure indispensable to the health sciences schools' recruitment and retention efforts.

Health sciences disciplines require varying compensation levels in order to remain competitive with comparable schools elsewhere in the United States. However, because University health sciences schools share some common needs and operating requirements, the University has developed a uniform Health Sciences Compensation

Plan to govern compensation arrangements and account for compensation plan income to the University's Schools of Medicine, Dentistry, Nursing, Pharmacy, and other health sciences units as deemed appropriate by the President or the President's designee.

Health sciences compensation plans must be clear and justify calculation of compensation and contain a mechanism for impartial review to protect the rights of individual faculty.

The Health Sciences Compensation Plan is approved, amended and repealed, by and under the authority of the President of the University of California. Through the Plan, compensation is set as a part of the employment relationship, and as a consequence, the level of compensation and the terms and conditions of the Plan may be amended or repealed at any time by the President, following consultation with the Health Sciences Chancellors, Deans and appropriate Academic Senate Committee(s).

The implementation, administration and continued operation of this Plan shall be 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.

Appendix B ¹

Guidelines on Occasional Outside Professional Activities by Health Sciences Compensation Plan Participants xxxx 2011

a Introduction

1) Overview of Office of the President Guidelines

These Guidelines may be amended or repealed by the President following consultation with the Health Sciences Chancellors, Deans, and the appropriate Academic Senate Committee(s). Questions about these Guidelines should be directed to the Provost and Executive Vice President–Academic Affairs.

These Guidelines are intended to provide a framework within which Implementing Procedures will be developed by each health sciences school that participates in the Plan. Additional Implementing Procedures may be developed for individual departments or organized research units. These additional Procedures must be consistent with the Plan and school Implementing Procedures and approved by the Dean.

Compensation Plan participants may engage in occasional outside professional activities (other than patient care) and retain the related income only in accordance with these Guidelines and school Implementing Procedures. In addition to these Guidelines, Plan participants must comply with other pertinent policies including:

¹ “Guidelines on Occasional Outside Professional Activities by Health Sciences Compensation Plan Participants” will be revised in concert with APM - 025 revisions.

- Regents' Standing Order 103.1(b) Service Obligations;
- Policy on the Requirement to Submit Proposals and to Receive Awards for Grants and Contracts through the University;
- University Conflict of Interest Code, adopted pursuant to the requirements of the Political Reform Act of 1974; and
- APM - 020, Special Services to Individuals and Organizations.

2) **School Implementing Procedures and Faculty Consultation**

School Implementing Procedures must be consistent with these Guidelines, reviewed by the appropriate division Academic Senate committee(s), approved by the Chancellor, and reviewed prior to implementation by the President or the President's designee. Affected Plan participants shall be provided the opportunity to review and comment on proposed school Implementing Procedures. In addition, as described in APM - 670-6-d of the Plan, a committee which includes faculty representatives shall advise the Dean on school Implementing Procedures developed in accordance with these Guidelines.

b. Requirements on Outside Professional Activities by Compensation Plan Participants

1) **General**

School Implementing Procedures shall include Guidelines on outside professional activities by compensation plan participants. The University-wide Standard Requirement described in section b-2 below, shall apply to Plan

participants unless an Alternative Option is approved in accordance with section b-3 below, for implementation in the Plan participant's school, department or organized research unit. The mechanisms for addressing potential conflicts of commitment, described in section b-3(d) below, are applicable in schools, departments or organized research units which operate under an Alternative Option, but are not required in schools, departments or units which operate under the University-wide Standard Requirement.

The University recognizes and supports a framework of diverse hours and schedules to accommodate teaching, research and creative work activity, University service, and University-related public service. Accordingly, these Guidelines do not provide a strict definition of a "day" of service, or of compensated outside professional activities. School Implementing Procedures or Guidelines may define a "day" more specifically. If school Implementing Procedures do not provide a more specific definition, then a "day" is defined on a case-by-case basis, using common sense and customary practice, and faculty members and Department Chairs or other appropriate administrators should exercise sound professional judgment, taking into account reasonable work schedules, when determining what constitutes a day of outside professional activity. Upon request from the Chancellor or the Chancellor's designee(s), faculty members should be prepared to provide an explanation of the definition of a "day" used in reporting outside activities (see also APM - 025-4, Conflict of Commitment and Outside Activities of Faculty Members).

2) **University-wide Standard Requirement**

The University-wide Standard Requirement is that Plan participants shall be allowed to retain payments from 21 days of service (other than patient care)

per fiscal year to governmental agencies, to non-profit health- or education-related organizations, to continuing health education programs administered by the University, or to University Extension, if such service has been approved by the Dean and the Chancellor.

3) **Alternative Options**

a) General Overview

Chancellors, after consultation with the appropriate division Academic Senate Committee(s), may submit to the President or the President's designee for review provisions in school Implementing Procedures which would modify the University-wide Standard Requirement (as described above in Appendix B-b-2) to allow Plan participants in all or selected departments or units to retain additional types of income and/or income from more than 21 days of compensated outside professional activities. If an Alternative Option is proposed, the school Implementing Procedures or Guidelines must meet minimum criteria, as described below, with regard to:

- a limit on the number of days devoted to compensated outside professional activity;
- a description of types of professional income that may be retained;
and
- mechanisms for addressing potential conflicts of commitment.

b) Limit on the Number of Days Devoted to Compensated Outside
Professional Activity

School Implementing Procedures or Guidelines must specify the maximum number of days which Plan participants may devote to compensated outside professional activity. The maximum number of days allowed must not exceed the time limits established for compensated outside professional activities in APM - 025. The school Procedures may allow departments or organized research units to set more restrictive limits, but such limits shall not be less than 21 days of compensated outside professional activity. Prior to implementing or revising a limit on the number of days devoted to compensated outside professional activities, affected Plan participants shall be provided an opportunity to review and comment on the proposed limit.

c) Description of Types of Professional Income that May be Retained

School Implementing Procedures or Guidelines must clearly describe the types of professional income that Plan members may be allowed to retain. Patient care activities must be provided within the University setting, or as part of an approved affiliation agreement or professional service agreement. All clinical income is due to the Plan. In no case will Plan participants be allowed to retain income from patient care activities. In addition to the types of income specified in the University-wide Standard Requirement, school Implementing Procedures or Guidelines may allow Plan participants in all or selected departments or organized research units to retain additional types of professional income, such as:

- 1) Consulting income from non-profit and for-profit entities, and/or
- 2) Income from consulting or testifying as an expert or professional witness.

School Implementing Procedures or Guidelines must also reference:
1) the University's Conflict of Interest Code, adopted pursuant to the requirements of the Political Reform Act of 1974, which requires designated University employees to disqualify themselves from participating in University decisions in which they have a personal financial interest; and 2) the Policy on the Requirement to Submit Proposals and to Receive Awards for Grants and Contracts through the University. Since a faculty member's compensated outside activities may create an obligation for the faculty member to disclose a financial interest before making or participating in certain University decisions, school Implementing Procedures or Guidelines should also specify where to obtain information on the disclosure and disqualification requirements of the Political Reform Act of 1974, including the Academic Decision Regulation.

d) Mechanisms for Addressing Potential Conflicts of Commitment

School Implementing Procedures shall include mechanisms to identify and resolve potential conflicts between a Plan participant's commitment to generating revenues within the Plan and his or her outside professional activities. These mechanisms shall apply to all departments or units in which the University-wide Standard Requirement on occasional professional activity (as described above in Appendix B-b-2) has been modified to allow Plan participants to retain additional types of income and/or income from more than 21 days of service. Responsibilities of the Department Chair that are discussed below shall be assumed by the Dean with respect to oversight of the outside professional activities of Department Chairs.

1) *Reporting of Outside Professional Activities*

Each Plan participant shall be required to submit to his or her Department Chair an annual report describing the previous year's outside professional activities from which the Plan participant retained income and an attestation of adherence to procedures implementing these Guidelines. It is the responsibility of the Plan participant to bring to the attention of his or her Department Chair those activities which require advance approval pursuant to APM - 670-10.

2) *Annual Outside Professional Earnings Approval Threshold*

An annual outside professional earnings approval threshold shall be established at the school, department or organized research unit level. A Plan participant who has satisfied the Good Standing Criteria established in accordance with APM - 670-10, who has not exceeded the limit on the number of days devoted to compensated outside professional activities established in accordance with Appendix B-b-3(b), and whose annual earnings from all outside professional activities will be less than the approval threshold is allowed to engage in outside professional activities (other than patient care) in accordance with all applicable University policies without having to request prior approval from his or her Department Chair. The approval threshold must not exceed the maximum approval threshold set by the Provost. Effective with the issuance of these Guidelines, the maximum annual outside professional earnings approval threshold set by the Provost shall be \$40,000 or 20 percent of the Health Sciences Compensation Plan Salary Scale for an

individual faculty member's rank, step, and APU, whichever is greater.² This approval threshold may be adjusted for inflation on a periodic basis by the Provost in accordance with the California Consumer Price Index (CPI). The adjusted threshold will be published in the Academic Salary Scales and campuses may adjust their local thresholds accordingly. The maximum approval threshold may also be re-evaluated periodically by the Provost in consultation with campus management. Prior to implementing or revising a school, department or unit approval threshold, affected Plan participants shall be provided an opportunity to review and comment on the proposed threshold.

Each Plan participant shall be responsible for maintaining a running total of his or her annual earnings from all outside professional activities. If the Plan participant wishes to engage in an activity that might reasonably be expected to cause his or her total annual earnings from all outside professional activities to exceed the approval threshold established for his or her school, department or organized research unit, then the Plan participant must request approval to engage in the activity. To request approval, the Plan participant is required to provide to his or her Department Chair, in writing, relevant details about the engagement including: the nature of the services to be provided; the person or entity who will receive and/or pay for the service;³ the anticipated period of service and/or days to be devoted to the activity; the total expected income from the

² For example, under this provision, using the salary scales effective on 10/1/2010, a Professor, Step IX, on the Health Sciences Compensation Plan salary scale 9 (the highest salary scale) could be permitted to earn and retain up to \$74,120 (20 percent of \$370,600) before having to request approval to engage in outside professional activities.

³ When required to ensure appropriate patient confidentiality, the person or entity to be reported as recipient/payer for professional witness activities is the attorney or law firm requesting the services.

activity; and the amount by which the participant's total annual earnings from outside activities are expected to exceed the threshold. Department Chairs shall forward to the Dean any request which requires review by the Dean and/or Chancellor in accordance with school Implementing Procedures and Guidelines. If a request is not approved, the Department Chair will advise the Plan participant whether: 1) the activity may be undertaken, but with all related income accruing to the Compensation Plan; or 2) the activity may not be undertaken at all. After a Plan participant has received approval to engage in an activity which may cause his or her total annual earnings from outside professional activities to exceed the established approved threshold, he or she must request the Chair's approval for any subsequent engagement(s). If such engagements are allowed, they shall be undertaken with all related income accruing to the Compensation Plan unless an exception is approved in writing in accordance with school Implementing Procedures or Guidelines.

Department Chairs and/or Deans may approve Plan participants' requests to engage in outside professional activities in accordance with school Implementing Procedures or Guidelines. However, school Implementing Procedures or Guidelines shall state that only the Chancellor has authority to approve any request which involves a Plan participant retaining earnings that exceed the maximum annual outside professional earnings approval threshold set by the Provost [see above in Appendix B-b-3(d)(2)].

Plan participants shall notify Department heads immediately if they inadvertently exceed the dollar threshold or if any of the information they provided in an approval request changes or is found to be

inaccurate; for example, a participant should immediately notify his or her Department Chair if the initial estimate of earnings from an outside professional activity turns out to be understated. Plan participants are subject to corrective action and disciplinary measures as outlined above in Appendix B-d for violation, neglect or manipulation of Compensation Plan requirements.

c. **Limitations on Use of University Resources in Connection with Outside Professional Activities**

The use of University staff, laboratories, facilities, or other University resources in connection with outside professional activities is subject to limitations. The Faculty Code of Conduct, Part II, C. lists the unauthorized use of University resources or facilities on a significant scale for personal, commercial, political, or religious purposes as a type of unacceptable conduct (see APM - 015, Section II). In general, when faculty retain income from professional consulting or expert witness activities, particularly when the activities are conducted for third party for-profit entities or private individuals, the costs associated with the consulting or witness activities should be borne by the third party or the faculty member, not by the University. In addition, the University's liability coverage does not extend to certain faculty consulting and expert witness activities. For example, University malpractice/professional liability coverage does not generally extend to expert witness activities when the faculty member retains the related income. Questions about the appropriate use of University resources and coverage under University liability programs should be discussed with the faculty member's department or unit head, who may consult with the Dean. The Dean will, if necessary, refer the questions to other appropriate University officers.

d. **Monitoring and Enforcement**

The primary means of monitoring compliance will be review by Department Chairs of information provided by the faculty member in annual reports on outside professional activities. If a Department Chair has any concerns about whether a Compensation Plan member is meeting the established standards, the matter may be referred to the Dean of the appropriate School. The responsibility for oversight of the outside professional activities of Department Chairs shall reside with the Dean.

School Implementing Procedures or Guidelines shall clearly state that the University reserves the right to take corrective action and disciplinary measures toward any Compensation Plan member who fails to comply with Compensation Plan Implementing Procedures or Guidelines on outside professional activities. Situations where Compensation Plan members will be considered out of compliance include, but are not limited to:

- Failure to turn over income due to the Plan as required by school Implementing Procedures or Guidelines, and
- Failure to accurately disclose and describe the nature and scope of outside professional activities as required by school Implementing Procedures or Guidelines.

If the Department Chair or the Dean has reason to believe that a Plan member has not complied with the school Implementing Procedures or Guidelines on outside professional activities, the Dean may take appropriate corrective action. A procedure for hearing and resolving disputes about corrective action shall be provided in school Implementing Procedures. Corrective action refers to the discontinuation of certain privileges available only to Plan members, in particular the opportunity to earn and receive compensation above the fiscal year salary scale through the Compensation

Plan, because of noncompliance. For example, corrective actions may include:

- Incentive or bonus compensation (commonly referred to as Z compensation) may be suspended until such time as the Plan member complies with the Compensation Plan provisions, or
- Additional negotiated compensation (commonly referred to as Y compensation) may be set with consideration of the Plan member's prior performance, including compliance with guidelines on outside professional activities.

Compensation established in accordance with the specialized Health Sciences Salary Scales (commonly referred to as X compensation) shall not be reduced as a corrective action unless the Plan member is placed, by Chancellorial exception, on the fiscal year salary scale.

Reductions in compensation are not always the result of corrective action and may also occur for other reasons such as insufficiency of current year income and contingency reserves (see Appendix C). Whenever reductions in compensation are the result of corrective action, faculty shall be so notified in writing.

In addition, corrective action will not preclude sanctions or disciplinary measures in accordance with the Faculty Code of Conduct and Academic Senate Bylaws.

Violations by Plan members of either the time limits or approval thresholds on outside professional activities represent an unauthorized use of University resources and/or retention of funds belonging to the University. Such violations are subject to discipline in accordance with the Faculty Code of Conduct.

An Academic Senate member who is subject to corrective action has available a grievance process through the Privilege and Tenure Committee as described in

Academic Senate Bylaw 335. Non-Senate faculty may grieve through the provisions of APM - 140.

Appendix C

Campus Accounting and Budgeting Methods

a. Management and Reporting of Professional Services Income and Expenses

1) University Management

All professional services income generated by Compensation Plan members shall be considered revenue of the University; the only exception to this requirement shall be income which the Plan participant is allowed to retain in accordance with APM - 670-19. All compensation paid by the University to Plan members will be subject to Federal and State withholding and reported on a W-2 form as wages in accordance with Internal Revenue Service (IRS) Regulations and University policies and procedures. All compensation must be included in the employee's income as wages subject to withholding for applicable Federal, State and FICA taxes. Eligibility and withholding for benefits (such as the University of California Retirement Plan, Retirement Savings Programs and employee life insurance programs) will be determined based upon the University's policies and procedures. School Implementing Procedures shall include billing and accounting procedures necessary to assure accountability for all funds. All financial transactions shall be approved, documented, and otherwise processed or executed in accordance with University policies, procedures and delegations of authority.

- a) Professional fee billing and collection activities shall be conducted by University billing groups, by external vendors with which the University has contracted, or as otherwise permitted by University procedures. All such fees shall be deposited upon receipt by the University or by an external

vendor in a University bank account established in accordance with University delegations of authority.

- b) Contracts with external billing vendors shall be processed and executed in accordance with delegated authority and University purchasing policies and procedures. They shall contain standard University-approved clauses, be subject to audit, and provide for monthly transmission of billings and receipt information to the University. Specific University-wide regulations may be developed for such contracts as needed to assure that funds are accounted for, safeguarded, and appropriately managed.

2) Reports

The accounting standards specified in the University of California Accounting Manual must be used in reporting income and expenses in all compensation arrangements.

b) Accounts and Sources

Each campus shall establish one or more school Compensation Plan account(s) in the financial accounting records for the campus or, with the approval of the Chancellor on recommendation of the Dean, an account for each such unit participating in this Plan; may also be established at the department and divisional level. Plan income from the following sources should be recorded in these accounts:

- 1) Income from professional services.
- 2) Amounts paid by University hospitals or affiliated institutions for professional and managerial services rendered to the hospitals by participants in the Plan, excluding stipends in APM - 670-18-c(3).

- 3) Such other funds as are required by the Chancellor or President or the President's designee to be included in fund accounts.

Certain other sources of University income may be available to support faculty compensation and benefits but are not recorded in Compensation Plan accounts, such as:

- 1) Funds made available for salaries from University-administered grants and contracts.
- 2) Funds made available from unrestricted, non-State fund accounts within the school.
- 3) Gifts and other funds available for such purposes, as allocated by the Dean or Chancellor.

c. **Assessment of Professional Services Income**

To aid in the administration, budgeting, and allocation of professional services income, gross Plan income shall be assessed using a rate(s) annually recommended by the Dean and approved by the Chancellor for each school or department. The income categories specified in APM - 670-19 are not subject to assessment.

d. **Contingency in Event of Inadequacy of Health Sciences Fund Accounts**

School Implementing Procedures shall require the establishment of one or more reserve account(s) and shall specify whether such reserve account(s) will be established at the school, department, or division. The purpose of the reserve(s) is to provide the funds necessary to pay Plan expenses, including the agreed-upon compensation to each Plan participant, in the event that the current year income of the Plan is insufficient to do so. If the funds in the appropriate reserve account are insufficient for the purpose, the Chancellor may seek support from another non-State

account(s) within the school. If such support is not forthcoming, then the campus will reduce the participants' additional compensation in a uniform manner in accordance with any fund source restrictions across the school, department, or division, as determined by the Chancellor.

Although funds may be transferred from one account to another within a health sciences school in accordance with University accounting and budgeting policies and procedures, accounts on each campus shall be maintained as financially independent for administrative purposes.

e. **Budgeting**

Subject to approval by the Chancellor on recommendation of the Dean, each campus shall develop a process to annually budget for and monitor expenditures from the Health Sciences Compensation Plan accounts. Expenditures shall be budgeted for and funded in the following order of priority:

- 1) Clinical practice operating expenses, defined as costs incurred by the University for billing and collection of fees for clinical services; for faculty use of University-owned and/or -leased practice facilities; and for related professional operating activities.
- 2) To the extent that funds remain after expenditures for clinical practice costs indicated in 1), above, compensation may be paid to eligible participants in the Plan. Base salary and related benefits, including any required contribution on behalf of University of California Retirement Plan covered compensation, shall be funded before additional compensation.
- 3) To the extent that funds remain after the foregoing expenditures, benefits costs approved in accordance with APM - 670-20 may be paid.

- 4) To the extent that funds remain after all the foregoing expenditures, funds shall be contributed to the reserve(s) for contingencies in an amount recommended by the Dean and approved by the Chancellor.

- 5) When a health sciences account has accumulated a surplus beyond that required for expenditures and reserves as provided in all the above categories, the surplus shall be used as follows:
 - a) At least one-half may be used for academic purposes in the department or division of origin (including but not limited to salaries for support personnel) as recommended by the Chair and approved by the Dean; and

 - b) The remainder may be used for other purposes in the school or campus as recommended by the Department Chair and the Dean and approved by the Chancellor.