May 3, 2018

CHANCELLORS
LABORATORY DIRECTOR WITHERELL
ACADEMIC COUNCIL CHAIR WHITE
ANR VICE PRESIDENT HUMISTON

Re: Systemwide Review of Proposed New Academic Personnel Manual (APM), Section 675, Veterinary Medicine Salary Administration (APM - 675)

Dear Colleagues:

Enclosed for systemwide review is proposed new Academic Personnel Manual Section 675 (APM - 675), Veterinary Medicine Salary Administration. The proposed new policy is responsive to the UC Davis School of Veterinary Medicine's (SOVM) request to modify the current Veterinary Medical School Strict Full-Time (SFT) Salary Plan, as approved by the UC Board of Regents in 1968, to allow SOVM faculty to retain income derived from non-clinical outside professional activities up to a threshold amount of $40,000 annually per SOVM faculty member. Any proposed changes to the current SFT Salary Plan will be submitted to the UC Board of Regents for approval.

Background

The UC Board of Regents approved the existing SFT Salary Plan and SFT Salary Scale for certain UC Davis SOVM faculty on November 22, 1968. The 1968 SFT Salary Plan established a salary scale for SOVM faculty that is approximately 15% higher than the base salary scale for Professors, with half of the 15% increment paid by the University and the other half contributed by the SOVM from non-State funding sources. The SFT Salary Plan has been the basis of salary for the SOVM since 1968. The proposed new APM policy would place salary administration for Veterinary Medicine in the APM as is the case for all other faculty compensation issues.

One goal of the proposed APM policy is to allow faculty in SOVM an opportunity to earn and retain outside non-clinical compensation as is possible for other faculty in the professorial ranks. Unlike the Health Sciences Compensation Plan (HSCP) where there are “Y” and “Z” compensation components of a faculty member’s salary, SOVM faculty do not receive additional compensation in this manner. The existing SFT Salary Plan currently only allows SOVM faculty to retain small honoraria, royalties from patent licenses in accordance with UC policy, or compensation from teaching UC Extension courses (under APM - 025). However, faculty in the HSCP at UC campuses are able to earn and retain additional outside non-clinical compensation, in addition to their UC salary up to a threshold amount of $40,000, as outlined in APM - 671. The outside income of general campus faculty is governed by APM - 025. Table 1 below compares eligible compensation by faculty type.
Table 1: Outside Compensation Options by Faculty Type

<table>
<thead>
<tr>
<th>Faculty Type</th>
<th>Off-Scale Compensation Possible?</th>
<th>Y or Z Negotiated Components Possible?</th>
<th>Ability to earn outside compensation (APM - 025/671)</th>
<th>Potential for additional outside income within APM - 025/671</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Campus</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No limit on dollar amount</td>
</tr>
<tr>
<td>Business, Economics, &amp; Engineering</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No limit on dollar amount</td>
</tr>
<tr>
<td>SOVM</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>Not currently eligible</td>
</tr>
<tr>
<td>HSCP</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Ranges from $0-$20k-$40k (plus possibility for additional amount in a Z payment)</td>
</tr>
</tbody>
</table>

Rationale for Proposed New APM - 675, Veterinary Medicine Salary Administration

Proposed new APM - 675 permits SOVM faculty to retain limited compensation from non-clinical outside professional activities in accordance with APM - 025. This is in alignment with the privileges of faculty members in other UC schools and colleges, including those in the HSCP. The new policy would increase equity in compensation by treating SOVM faculty in a way that is more consistent with that of other UC faculty and peer veterinary medical schools. Peer veterinary medicine schools permit faculty to conduct non-patient care consulting and to retain the fees derived from these activities without limit.

Currently, consulting fees contribute to less than 1% of the $1.2 million per year required to fund the SOVM’s component of the SFT Salary Plan. The low contribution of consulting income to the SFT Salary Plan reflects the weak incentives that SOVM faculty currently have to build outside professional relationships that can benefit the SOVM.

While considering whether the existing SFT Salary Plan compensation principles could be addressed by minimal text changes under the HSCP, APM - 670, it became clear that the state fund restrictions integral to the HSCP make this option unworkable, since state funding is used by the SOVM to supplement the portion of base salary that exceeds the fiscal year salary scales.\(^1\) Another reason that the HSCP is not a viable option for SOVM faculty is because the SOVM would not be able to generate sufficient net income to support the “Y” and “Z” components of the HSCP since the potential for clinical revenue in veterinary medicine is far less than that in human medicine.

Policy Principles

Eligibility. Faculty members who hold a 51% or greater appointment in the SOVM are eligible to be paid under the salary framework described in the proposed new policy. Participation in the salary framework is required for all eligible SOVM faculty. In addition, faculty members paid on the Veterinary Medicine Salary Scale are not permitted to participate in other compensation plans.

Salary Differential and Contribution. SOVM faculty participants on the Veterinary Medicine Salary Scale will receive an annual salary differential above the scales for fiscal year ladder rank faculty. The funding of this annual salary differential is generated from two sources: 50% from a State funds contribution; and 50% from a SOVM matching contribution. As part of the SOVM’s matching contribution, each eligible SOVM faculty member is required to contribute a minimum contribution amount to support the SOVM’s portion of salary differential each year. The faculty member’s minimum contribution amount is set by the Dean of the School of Veterinary Medicine and is approved by the Chancellor.

\(^{1}\) HSCP: “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…” [APM - 670-18-a(3)]
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**Outside Professional Activities.** SOVM faculty paid on the Veterinary Medicine Salary Scale may engage in non-clinical and non-patient care outside professional activities. To ensure consistency with the other UC health sciences professional schools and APM - 671, no SOVM faculty member may retain more than $40,000 per year in earnings from non-patient outside professional activities. Additionally, SOVM faculty members who choose to engage in outside non-patient care consulting activities must do so in accordance with APM - 025, Conflict of Commitment and Outside Activities of Faculty Members. The current reporting requirements of APM - 025 will govern the oversight of such outside activities and will provide assurance that the SOVM faculty will remain fully engaged with their work for the University.

**UCOP Review.** Proposed language in the policy requires that the UCOP Provost and Executive Vice President review the Veterinary Medicine Salary Administration Guidelines once the policy is approved.

**Next Steps/Implementation**

The UCOP Academic Personnel and Programs (APP) office will work with UC Davis to address any comments, questions, or request for revisions that are received during the systemwide review period. Should the new policy be recommended for approval by the President, it will go to the UC Board of Regents for approval and for the rescinding of the 1968 Regents SFT Salary Plan.

**Systemwide Review**

Systemwide review is a public review distributed to the Chancellors, the Director of the Lawrence Berkeley National Laboratory, the Chair of the Academic Council, and the Vice President of Agriculture and Natural Resources requesting that they inform the general University community, especially affected employees, about policy proposals. Systemwide review also includes a mandatory, 90-day full Senate review.

Employees should be afforded the opportunity to review and comment on the draft policy, available online at [https://www.ucop.edu/academic-personnel-programs/academic-personnel-policy/policies-under-review/index.html](https://www.ucop.edu/academic-personnel-programs/academic-personnel-policy/policies-under-review/index.html). Attached is a Model Communication which may be used to inform non-exclusively represented employees about these proposals. The Labor Relations Office at the Office of the President is responsible for informing the bargaining units representing union membership about policy proposals.

We would appreciate receiving your comments no later than **August 1, 2018**. Please submit your comments to ADV-VPCARLSON-SA@ucop.edu. Please indicate “Veterinary Medicine Salary Administration (APM - 675)” in the subject line. If you have any questions, please contact Kimberly Grant at Kimberly.Grant@ucop.edu or (510) 987-9499.

Sincerely,

[Signature]

Susan Carlson
Vice Provost
Academic Personnel and Programs

**Enclosures:** Proposed New APM - 675, Veterinary Medicine Salary Administration Model Communication
cc:  President Napolitano  
     Provost and Executive Vice President Brown 
     Executive Vice Chancellors/Provosts 
     Executive Vice President and Chief Operating Officer and Chief of Staff Nava 
     Executive Vice President Stobo 
     Senior Vice President Bustamante 
     Vice President Duckett 
     Vice President Ellis 
     Vice Provosts/Vice Chancellors of Academic Affairs/Personnel 
     Dean Lairmore 
     Executive Associate Dean Pascoe 
     Executive Assistant Dean McNally 
     Academic Personnel Directors 
     Deputy General Counsel Woodall 
     Executive Director Baxter 
     Executive Director Chester 
     Executive Director Peterson 
     Chief of Staff and Director Henderson 
     Chief of Staff Levintov 
     Director Grant 
     Director Lee 
     Manager Donnelly 
     Manager Smith 
     HR Manager Crosson 
     Policy Analyst Ha
Policy

The Veterinary Medicine Salary Administration policy provides eligible faculty with a salary framework distinct from other fiscal year faculty. The policy recognizes the need for competitive salaries for recruitment and retention of faculty members in the School of Veterinary Medicine when compared with peer schools of veterinary medicine nationally.

Responsibility for issuing current academic salary scales rests with the President or the President’s designee after consultation with the Academic Council and the Chancellors.

Purpose

The purpose of this policy is to provide guidance for the administration of the Veterinary Medicine Salary Scale for eligible faculty members in the School of Veterinary Medicine.

General Principles

a. Participation in the Veterinary Medicine Salary Scale is required for all eligible School of Veterinary Medicine faculty.

b. Each faculty member eligible for payment on the Veterinary Medicine Salary Scale receives an annual salary differential above the scales for fiscal year ladder rank faculty.

c. Funding of the annual salary differential is generated from two sources: 50% from a State funds contribution and 50% from a School of Veterinary Medicine matching contribution.

d. For the School of Veterinary Medicine to meet its matching contribution, each eligible faculty member paid on this salary scale is required to contribute a minimum contribution amount to support the salary differential each year. The minimum contribution amount is set by the Dean of the School of Veterinary Medicine and is approved by the Chancellor. If participating faculty members collectively do not meet their minimum amounts, the School of Veterinary Medicine will fund the deficit to ensure faculty salaries are fully funded.

e. All eligible School of Veterinary Medicine faculty, whose base salary is partially or completely funded by the School of Veterinary Medicine, are required to

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1 This policy replaces the Veterinary Medical School Strict Full-Time (SFT) Salary Plan approved by the UC Board of Regents on November 22, 1968.
contribute the annual minimum contribution amount to ensure funding of the School of Veterinary Medicine’s contribution to the annual salary differential.

f. The annual minimum contribution amount requires assigning a percentage of salary and benefits to a revenue source other than State funds. Minimum contribution amounts are described in the Veterinary Medicine Salary Administration Guidelines.

g. The Dean of the School of Veterinary Medicine assigns an annual minimum contribution amount to all eligible faculty members to meet the School of Veterinary Medicine’s matching contribution. Once the assigned minimum contribution amount is met, a portion of any additional salary savings obtained by assigning salary to non-State fund sources will be distributed to the faculty member’s academic department and the faculty member’s academic enrichment fund, which includes funds to support the research, teaching or service mission of the university. These funds cannot be used to further supplement the individual faculty member’s salary.

h. The primary sources of revenue that comprise the School of Veterinary Medicine’s matching contribution to the Veterinary Medicine Salary Scale are the following: extramural contract and grant funds; clinical services revenue; gifts; and non-patient care consulting income.

i. Veterinarians who have an academic appointment or are employed by the School of Veterinary Medicine may not engage in the practice of veterinary medicine identified with the individual and in competition with any of the School of Veterinary Medicine’s clinical centers.2

j. All faculty participants on the Veterinary Medicine Salary Scale shall sign a binding agreement at the time of appointment, acknowledging that they accept the terms of the annual minimum contribution amount for the salary scale.

675-10 Outside Professional Activities

a. With the exception of clinical services and outside patient care consulting activities, faculty members paid on the Veterinary Medicine Salary Scale may engage in outside professional activities in accordance with APM - 025, Conflict of Commitment and Outside Activities of Faculty Members.

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2 The restriction is not based on a geographical area describing the practice limits of the School of Veterinary Medicine’s clinical centers, but on the type of patient care (clinical) activity. Clinical activity is defined as patient care based on a veterinarian-client-patient-relationship as defined in the California Veterinary Medicine Practice Act.
b. Faculty members engaged in outside non-patient care consulting activities may retain no more than $40,000 per fiscal year once their annual minimum contribution amount is met. The Provost and Executive Vice President may re-evaluate the maximum approval threshold periodically, and adjust the maximum approval threshold for inflation on a periodic basis in accordance with the California Consumer Price Index (CPI). Any amount earned by a faculty member above $40,000 per fiscal year shall be returned to the School of Veterinary Medicine to fund its matching contribution to the Veterinary Medicine Salary Scale as outlined in APM - 675-8-h. For details of administration, see the Veterinary Medicine Salary Administration Guidelines.

c. All faculty members must adhere to APM - 025 guidelines regarding disclosure requirements, specifically prior approval and reporting requirements (See APM - 025-10-b). For the required annual reporting, faculty are required to report all earnings derived from their outside professional activities permissible under this policy as outlined in APM - 675-10-a.

675-14 Eligibility

a. Faculty members with a 51% or greater faculty appointment in the School of Veterinary Medicine are eligible to participate in the Veterinary Medicine Salary Scale. Faculty members with a 50% or less faculty appointment in the School of Veterinary Medicine will be paid on the corresponding fiscal year or academic year salary scale for their series. Participation is required for all eligible School of Veterinary Medicine faculty.

b. The following academic appointees who hold a primary appointment (51% or greater) in the School of Veterinary Medicine will be paid on the Veterinary Medicine Salary Scale:

(1) Appointees with titles in the Professorial series, including Acting status, provided their appointments are budgeted entirely or jointly in the School of Veterinary Medicine and its Agricultural Experiment Station component. Faculty with an Agricultural Experiment Station appointment must have a 51% or greater appointment in the School of Veterinary Medicine to be eligible for this salary scale.

(2) Appointees with titles in the Professor In-Residence and Adjunct Professor series, provided their appointments are funded from resources (gift funds, contracts and grants) solely administered by the School of Veterinary Medicine.

(3) Appointees with titles in the Professor of Clinical__ series.

(4) Appointees with titles in the Health Sciences Clinical Professor series.
(5) Appointees with titles in the Lecturer with Security of Employment series.

c. Appointees who are otherwise eligible to be paid on the Veterinary Medicine Salary Scale maintain their eligibility, even if partially funded under a research title (e.g., Professional Research), if they are paid at least 51% time under one of the eligible titles, as noted above in APM - 675-14-b.

d. Part-time faculty members are eligible to be paid on the Veterinary Medicine Salary Scale if they are appointed 51% or greater in an eligible title as described in APM - 675-14-b.

e. Faculty members paid on the Veterinary Medicine Salary Scale are not permitted to participate in other compensation plans.

675-24 Authority

a. Academic salary scales are issued by the Office of the President. For authority to grant merit increases, see APM - 610, Salary Increases. For authority to appoint and promote, see the appropriate section in APM Section II, Appointment and Promotion. Authority to approve above-scale salary rates rests with the Chancellor.

b. The President or the President’s designee shall review the Veterinary Medicine Salary Administration Guidelines.

c. Authority to approve salaries beyond the Indexed Compensation Level (ICL) threshold rests with the Provost and Executive Vice President.

d. Responsibility for Veterinary Medicine Salary Administration rests with the Chancellor.