Health Sciences Faculty Compensation Plan Overview

October 11, 2017
Agenda

- Purpose of Compensation Plan
- Review of Key Elements
  - Salary Composition
  - Enhancement Accounts
  - LOAs and Impact on Salary
  - Outside Professional Activity
  - Retirement
- Understanding Your Own Plan
- Questions
“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 the Plan:

– Provide sufficient non-state resources to recruit and retain outstanding health sciences faculty

– Encourage a balance among teaching, research/scholarship, clinical care and public service

– Provide teaching, patient care and research incentives that encourage and recognize academic merit as well as generation of income

– Provide consistent benefits and privileges to faculty

– Provide academic and research support funds to the health sciences schools
Implementation Procedures

- The SOM is expected to have Implementing Procedures consistent with the Plan.

- UC Davis School of Medicine has a Compensation Plan template every department must utilize. Departments must:
  - Develop Academic Programmatic Units and set the scale for each APU
  - Establish methodologies for defining Y salary and determining Z bonus
  - Identify academic enhancement account amounts
  - Establish formula for sabbatical pay

- Each department plan must be approved by CAC

- The Dean is responsible for implementing and administrating the compensation plan including the resolution of complaints and appeals
Compensation Plan Eligibility

- Must be in one of the following academic series:
  - Professor (Regular/FTE)
  - In-Residence
  - Clinical X
  - Health Sciences Clinical
  - Adjunct
  - Acting
  - Visiting
  - Health Sciences Dean Titles
- Must have greater than a 50% appointment in one of the series or be a recalled retiree
- Exceptions must be approved by the Chancellor
Total Compensation

Three components:

\[
X \text{ (Base Salary)} \quad + \quad Y \quad + \quad Z
\]

- X (Base Salary)
  - Based on Rank and Step (X)
  - Plus a scale multiplier (X’)
    - MEG + MB1-9
- Y
  - Annually negotiated
  - Department methodology
    - MBY
- Z
  - Incentive/bonus
  - Not guaranteed
  - Generally performance based
    - HBZ

• Only Base Salary \((X + X')\) is considered covered compensation for the purposes of UCRP
Base Salary

Scale 0 – Sample

• X or (MEG) Component
  – Defined by Faculty Rank and Step
  – Increases with Merit and Promotion
  – Academic Series Define Percentage Effort for Clinical, Research/Creative Activity, Teaching and/or Service

<table>
<thead>
<tr>
<th>Rank</th>
<th>Step</th>
<th>Normal Period at Salary</th>
<th>Total Annual Amount</th>
<th>Total Monthly Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instructor</td>
<td></td>
<td>65,900</td>
<td>4,668.33</td>
<td></td>
</tr>
<tr>
<td>Assistant Professor II</td>
<td>2 yrs</td>
<td>64,900</td>
<td>5,408.33</td>
<td></td>
</tr>
<tr>
<td>Assistant Professor III</td>
<td>2 yrs</td>
<td>68,700</td>
<td>5,725.00</td>
<td></td>
</tr>
<tr>
<td>Assistant Professor IV</td>
<td>2 yrs</td>
<td>72,500</td>
<td>6,041.67</td>
<td></td>
</tr>
<tr>
<td>Assistant Professor V</td>
<td>2 yrs</td>
<td>76,700</td>
<td>6,391.67</td>
<td></td>
</tr>
<tr>
<td>Associate Professor II</td>
<td>2 yrs</td>
<td>80,600</td>
<td>6,708.33</td>
<td></td>
</tr>
<tr>
<td>Associate Professor III</td>
<td>2 yrs</td>
<td>84,400</td>
<td>7,033.33</td>
<td></td>
</tr>
<tr>
<td>Associate Professor IV</td>
<td>3 yrs</td>
<td>88,100</td>
<td>7,426.00</td>
<td></td>
</tr>
<tr>
<td>Associate Professor V</td>
<td>3 yrs</td>
<td>94,700</td>
<td>7,891.67</td>
<td></td>
</tr>
<tr>
<td>Associate Professor VI</td>
<td>3 yrs</td>
<td>102,000</td>
<td>8,500.00</td>
<td></td>
</tr>
<tr>
<td>Professor II</td>
<td>3 yrs</td>
<td>94,800</td>
<td>7,900.00</td>
<td></td>
</tr>
<tr>
<td>Professor III</td>
<td>3 yrs</td>
<td>102,100</td>
<td>8,508.33</td>
<td></td>
</tr>
<tr>
<td>Professor IV</td>
<td>3 yrs</td>
<td>109,500</td>
<td>9,125.00</td>
<td></td>
</tr>
<tr>
<td>Professor V</td>
<td>3 yrs</td>
<td>117,500</td>
<td>9,791.67</td>
<td></td>
</tr>
<tr>
<td>Professor VI</td>
<td>3 yrs</td>
<td>125,900</td>
<td>10,491.67</td>
<td></td>
</tr>
<tr>
<td>Professor VII</td>
<td>3 yrs</td>
<td>136,300</td>
<td>11,358.33</td>
<td></td>
</tr>
<tr>
<td>Professor VIII</td>
<td>3 yrs</td>
<td>147,600</td>
<td>12,291.67</td>
<td></td>
</tr>
<tr>
<td>Professor IX</td>
<td>3 yrs</td>
<td>159,700</td>
<td>13,308.33</td>
<td></td>
</tr>
<tr>
<td>Professor X</td>
<td>3 yrs</td>
<td>173,000</td>
<td>14,416.67</td>
<td></td>
</tr>
</tbody>
</table>
APU and Scale

- Academic programmatic unit (APU)
  "A group of faculty who are engaged in activities with a common academic, clinical, administrative or programmatic linkage." (e.g., Research, Administrative, Clinical)

- Salary scale is set for each APU in the department, with all APU members at the same scale

- Scale is a multiplier applied to X
  - Scales range from 0-9

- Multiplier is linear from 0-5, then non-linear
  - 1.1, 1.2, 1.3, 1.4, 1.5, 1.65, 1.8, 2.0, 2.5
## Scale 4 – Sample

<table>
<thead>
<tr>
<th>Rank</th>
<th>Step</th>
<th>Normal Period at Salary</th>
<th>Total Annual Amount</th>
<th>Total Monthly Amount</th>
<th>Annual MEG</th>
<th>MB3</th>
<th>MB4</th>
<th>Monthly MEG</th>
<th>MB3</th>
<th>MB4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instructor</td>
<td></td>
<td>78,300</td>
<td>6,525.00</td>
<td>55,900</td>
<td>16,800</td>
<td>5,600</td>
<td>4,658.33</td>
<td>1,400.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assistant</td>
<td>I</td>
<td>90,900</td>
<td>7,575.00</td>
<td>64,900</td>
<td>19,500</td>
<td>6,500</td>
<td>5,408.33</td>
<td>1,625.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>II</td>
<td>96,200</td>
<td>8,016.67</td>
<td>68,700</td>
<td>20,600</td>
<td>6,900</td>
<td>5,725.00</td>
<td>1,716.67</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>III</td>
<td>101,500</td>
<td>8,458.33</td>
<td>72,500</td>
<td>21,800</td>
<td>7,200</td>
<td>6,041.67</td>
<td>1,816.67</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IV</td>
<td>107,400</td>
<td>8,950.00</td>
<td>76,700</td>
<td>23,000</td>
<td>7,700</td>
<td>6,391.67</td>
<td>1,916.67</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>V</td>
<td>112,700</td>
<td>9,391.67</td>
<td>80,500</td>
<td>24,200</td>
<td>8,000</td>
<td>6,708.33</td>
<td>2,016.67</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>VI</td>
<td>118,200</td>
<td>9,850.00</td>
<td>84,400</td>
<td>25,300</td>
<td>8,500</td>
<td>7,033.33</td>
<td>2,108.33</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Associate</td>
<td>I</td>
<td>112,800</td>
<td>9,400.00</td>
<td>80,600</td>
<td>24,200</td>
<td>8,000</td>
<td>6,716.67</td>
<td>2,016.67</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>II</td>
<td>118,300</td>
<td>9,858.33</td>
<td>84,500</td>
<td>25,400</td>
<td>8,400</td>
<td>7,041.67</td>
<td>2,116.67</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>III</td>
<td>124,700</td>
<td>10,391.67</td>
<td>89,100</td>
<td>26,700</td>
<td>8,900</td>
<td>7,425.00</td>
<td>2,225.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IV</td>
<td>132,600</td>
<td>11,050.00</td>
<td>94,700</td>
<td>28,400</td>
<td>9,500</td>
<td>7,891.67</td>
<td>2,366.67</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>V</td>
<td>142,800</td>
<td>11,900.00</td>
<td>102,000</td>
<td>30,600</td>
<td>10,200</td>
<td>8,500.00</td>
<td>2,550.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professor</td>
<td>I</td>
<td>132,700</td>
<td>11,058.33</td>
<td>94,800</td>
<td>28,400</td>
<td>9,500</td>
<td>7,900.00</td>
<td>2,366.67</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>II</td>
<td>142,900</td>
<td>11,908.33</td>
<td>102,100</td>
<td>30,600</td>
<td>10,200</td>
<td>8,508.33</td>
<td>2,550.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>III</td>
<td>153,300</td>
<td>12,775.00</td>
<td>109,500</td>
<td>32,900</td>
<td>10,900</td>
<td>9,125.00</td>
<td>2,741.67</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IV</td>
<td>164,500</td>
<td>13,708.33</td>
<td>117,500</td>
<td>35,300</td>
<td>11,700</td>
<td>9,791.67</td>
<td>2,941.67</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>V</td>
<td>176,300</td>
<td>14,691.67</td>
<td>125,900</td>
<td>37,800</td>
<td>12,600</td>
<td>10,491.67</td>
<td>3,150.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>VI</td>
<td>190,800</td>
<td>15,900.00</td>
<td>136,300</td>
<td>40,900</td>
<td>13,600</td>
<td>11,358.33</td>
<td>3,408.33</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>VII</td>
<td>206,500</td>
<td>17,208.33</td>
<td>147,500</td>
<td>44,300</td>
<td>14,700</td>
<td>12,291.67</td>
<td>3,691.67</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>VIII</td>
<td>223,600</td>
<td>18,633.33</td>
<td>159,700</td>
<td>47,900</td>
<td>16,000</td>
<td>13,308.33</td>
<td>3,991.67</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IX</td>
<td>242,200</td>
<td>20,183.33</td>
<td>173,000</td>
<td>51,900</td>
<td>17,300</td>
<td>14,416.67</td>
<td>4,325.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Y and Z Components

• Y (Negotiated compensation)
  – Based on quantitative factors, e.g., effort charged to sponsored projects, number of teaching assignments, grant funding, clinical RVUs
  – Qualitative factors, e.g., fulfilling clinical, teaching, research and administrative obligations; compliance with Faculty Code of Conduct and UC policy
  – Other factors as described, e.g., market salary data (AAMC Western Region)

• Z (Incentive/Bonus)
  – Eligibility criteria established by department, e.g. income generated over negotiated salary
  – Other income for unanticipated circumstances, administrative stipends, call coverage arrangements
Salary Negotiation

• Annually, the department chair shall meet with the faculty member to discuss total annual compensation

• Notification of annual compensation shall include
  – Amount of UCRP covered salary, including salary scale assigned to the faculty member’s APU (X)
  – Amount of negotiated additional compensation (Y)
  – Calculation and payment schedule of incentive/bonus (Z)
Academic Enhancement Accounts

- Money set aside for professional development and other work related expenses.
- Plan will define how much and type of usage
  - Roll-over year to year with cap, or
  - “Use or lose it”
Leaves of Absence

• Types of Leave
  – Medical (Personal, Spouse or Immediate Family Member)
  – Sabbatical
    • Eligibility Requirements

• Salary Support
  – First 90 days of leave = full salary (Total Base Salary + Y)
  – Next 90 days Total Base Salary Only
  – Eligibility
    • Rolling Calendar Year

• Other Benefits
  – Disability Leave Benefits (Typically 180 day waiting period)
  – Supplement Benefit Insurance (LTD, SI, Basic Life, Suppl. Life)
Additional Compensation: Outside Professional Activities (non-clinical)

- May retain outside income from any sources – i.e. consulting, professional witness – up to $40,000 or 40% of total base salary at scale 0, whichever is greater.
  - Department discretion

- Limited to 21 days of compensated non-clinical professional activities unless exception granted (up to 48 days)

- Exception Approval Process
- Annual Reporting Requirement
Categories of Activities

• Category I – e.g. activities which common sense and good judgment would indicate are likely to raise issues of conflict of commitment – *Prior approval required*

• Category II – e.g. consulting, expert testimony, serving on board of directors

• Category III – e.g. compensated as editor of professional journal and manuscripts, officer of a professional or scholarly journal
Retirement - Factors

• UCRP is a "defined benefit" pension plan; it is determined by three factors:
  – Age at retirement
  – Years of "UCRP service credit"
  – Highest average salary (HAPC)

• Vesting at five full years of UCRP service credit.
  – Guarantees members a financial benefit at UCRP retirement; earliest retirement age is 50
  – UCRP retirement date is the date you begin drawing your UCRP pension
Age at Retirement

- Age factor is assigned to the retiring employee on retirement date

- The earliest age for an UCRP retirement is age 50; the age factor for age 50 is 1.1%

- Age factor increases 0.14% for every year up to the maximum age factor of 2.5% (age 60)

- Retirements pre age 60, the age factor is prorated to the birth month at retirement
  - For a member retiring at age 58 years and seven months, the age factor will be 2.30%; the sum of 2.22% (for age 58 years) plus 0.0819% (for seven additional months)
Service Credit

• UCRP Service Credit differs from University Service Credit; University Service Credit is used for determining seniority, vacation accruals, and etc.

• For members who work part-time, UCRP service credit is accrued proportionately to the time worked
Highest Average Plan Compensation (HAPC)

- HAPC is a period of highest average paid earnings over a 36-consecutive month period
  - Stipends are included, but over-time pay, bonuses and “summer 9ths”* are not
  - They are the full-time equivalent salary for employees who work part-time
  - Usually HAPC will be the final 36 consecutive months preceding retirement, but can occur at any time

- For HSCP faculty, eligible covered compensation is the base salary \((X + X')\) - not Y component or Z payments
Contribution Limits

• IRC §401(a)(17) sets a dollar limit for earnings upon which retirement benefits may be based
  
  – The earnings limit for the Plan’s fiscal year beginning January 1, 2016 is $265,000 annually for employees who became members as of July 1, 1994, or later
  
  – Pre July 1, 1994, the earnings limit is $395,000
  
  – Prior fiscal years have different limitations that can affect the HAPC when calculated
  
  – Other employer-sponsored plans include 401(k) and 403(b)
Retirement Calculation

• Basic retirement income is calculated according to the following general formula:

  - Age factor x service credit = benefit %
  - Benefit % x HAPC = monthly benefit

Retirement Calculation

- Basic retirement income is calculated according to the following general formula:
  - Age factor \times \text{service credit} = \text{benefit } \%
  - \text{Benefit } \% \times \text{HAPC} = \text{monthly benefit}

A member retires at age 65 (age factor is 2.5%) with 20 years of service credit

\[20 \text{ years} \times 0.025 = 50\% \text{ benefit percentage}\]

Said member HAPC for the last 36 months preceding retirement was $4000

\[\$4000 \times 0.5 = \$2000 \text{ per month of basic retirement}\]
Retirement and Comp Plan

Key Points:

• Earnings over IRC §401(a)(17) limit will not apply towards retirement
  – Post 1994 - $260k
  – Pre 1994 - $385k

• Retirement calculations (HPAC) based on highest consecutive 36 months of earnings

• X+X’ (Meg and Scale) only considered for retirement
Do You Know Your Compensation Plan?
Contacts

**Colleen Clancy, PhD**
Associate Vice Chancellor of Academic Personnel
ceclancy@ucdavis.edu
916-734-4610

**Brent Seifert, JD**
Assistant Dean of Academic Personnel
bjseifert@ucdavis.edu
916-734-4602

**Manuel Navedo, PhD**
Associate Professor
Department of Pharmacology
mfnavedo@ucdavis.edu
530-752-6880