

APPENDIX AA

Proposed Compensation Plan for Tenure Track Basic Science Faculty in the School of Medicine, UNC-CH June 2005

Compensation of basic science department faculty in the tenure track within the School of Medicine at the University of North Carolina at Chapel Hill is defined currently as a single component annual salary. Salary modifications are implemented only on an annual basis, and although warranted salary adjustments are possible as funding sources change, they are accomplished with difficulty. Although this compensation approach may be appropriate in much of the state system where the bulk of the compensation comes from state-appropriated funds, a large fraction of the salary for basic science department faculty in the School of Medicine is derived from alternative sources, primarily extramural research grants. The goal of this plan is to allow participating faculty to be properly rewarded for their activities using a multi-component system, while maintaining fiscally sound policies in their respective departments.

The outstanding faculty of the School of Medicine is a significant asset to the State of North Carolina. They educate our future physicians, researchers and teachers. They bring luster to the State and international recognition through their work. This plan provides a tangible mechanism for recognizing and rewarding the extra efforts they contribute to all of the School's missions.

Faculty covered by this plan will be the tenure-track faculty in the basic science departments, as well as tenure-track, basic science faculty in clinical departments who are not otherwise covered by the Clinical Faculty Compensation Plan that was approved and implemented several years ago.

SUMMARY

Each faculty member will have a total annual salary recommended by the department chair to the Dean of the School of Medicine each fiscal year. It will consist of (1) the academic salary and (2) a variable component, which together comprise the total annual salary. The total annual salary may increase or decrease from year to year based on the individual's productivity and excellence in teaching, research, and service, and shall be consistent with Board of Governor's salary policies. The actual funding sources used to pay these components of a faculty member's total compensation in any given year may vary over time.

Academic salary. The academic salary will be set at the initiation of this plan or when the faculty member is hired, and can be renegotiated in exceptional circumstances with the approval of the Dean's office. Increases in this salary component for an entire department in any given fiscal year will not exceed the amount of increase in state EPA salary funds for that year. As is currently the case, the increase in EPA state funds can be allocated by the chair in the best interests of the department and consistent with sound fiscal policy. Faculty can also expect an increase in their academic salary following promotion to the rank of Associate Professor and to Professor, subject to availability of funds.

Variable Component. Excellence in teaching, research, and service (at the University, state and national level) is expected from all faculty members. However, in recognition of exceptional

performance in these areas, faculty can be further rewarded by a variable salary component. The amount of the variable component will take into account the overall excellence of the faculty member in teaching, research, and service as well as the financial circumstances of the department. Excellence in teaching or service can take many different forms; for example in recognition of teaching awards, outstanding service as course director, director of graduate studies, director of core facilities, or distinction at the state and national level.

To be eligible for a variable component based on excellence in research (which would be funded based on extramural salary recovery), faculty would be expected to exceed the target for percent salary recovery set by their department. The target level for participation is expected to increase with faculty rank. For faculty whose salary is above the NIH cap, the salary recovery will be determined as percent of total salary recovery, not funded % effort.

Salary Adjustments:

The academic salary is expected to be a stable component of the total annual salary, with annual adjustments to participating faculty salaries largely occurring in the variable component. Annual adjustments to the salary will be recommended by the chair in consultation with the faculty member. The total annual salary can be adjusted upward or downward, reflecting changes in grant funding, teaching performance, and other responsibilities. The academic salary cannot be adjusted downward. Adjustments to the academic salary will generally reflect increases in state EPA funds available to the department each year, although such adjustments will be distributed by the chair based on faculty performance and promotion, rather than “across the board” distributions.

Both the academic salary and the variable component can be adjusted annually. Mid-year adjustments in the variable component will be allowed if deemed necessary and appropriate by the department chair and approved in advance by the Dean. The maximum possible reduction in the total salary for any one year is 15%.

There is a floor academic base salary below which no faculty member’s compensation can fall. This floor academic base salary will be set uniformly by academic rank throughout the basic science faculty, and will be adjusted at least every three years based in part on changes in state EPA salary dollars provided to the departments during that time. Recommended adjustments will be forwarded by the Dean, School of Medicine, through the University and UNC System leadership to the Board of Governors for approval.

Proposed initial floor academic base salary:	Assistant Professor.	\$60K
	Associate Professor:	\$65K
	Professor	\$75K

All faculty members, including those enrolled in this plan, will have the right to appeal salary decisions to the School of Medicine Faculty Salary Equity Committee, as well as access to all generally available University faculty grievance mechanisms.

Initiation of the Program:

At the initiation of the program, tenured faculty members can elect whether or not to participate in the program. Should they elect not to participate then they would not be eligible for the variable component of their salary, but would receive only their academic salary, which would *be initially* set at their current salary. Note that increases in this salary would be governed by the same policies outlined above. These faculty members would not be part of this compensation plan. Faculty who elect not to participate initially can reverse their decision later only by joint agreement between the faculty member and the chair.

Current UNC-Chapel Hill faculty who elect to participate in the program will have their academic salary set at their current salary. If they wish, faculty can also negotiate an academic salary and variable component with the chair at the initiation of the plan. Under no circumstances will the total annual salary of a participating faculty member be reduced below the current salary during the first three years. Current tenure track faculty who are not yet tenured, and new assistant professor tenure track faculty hired after the initiation of the plan will be automatically enrolled in this plan and will have their initial salary as their academic salary. Faculty hired as a mid-level Assistant Professor, Associate or Full Professor level after the initiation of this plan will be part of this plan and will enter with an academic salary and variable component negotiated with the chair.

Current salaries of basic science department faculty may vary significantly for faculty at the same rank, often because of increases given in the past as a result of anticipated continued exceptional external salary support. During the initial years of this plan the Chairs will take the variability in current academic salaries into account as they determine the total salaries.

Departmental Implementation Plans:

The Chair will be responsible for filing with the Dean each year the current version of the department's specific approach to implementing the compensation arrangements authorized by this plan. Each departmental implementation plan will spell out in reasonable detail the criteria, including targets for external salary support, to be followed in establishing individual faculty members' total projected annual salary. The Chair will inform the department's faculty in writing of these criteria and methodologies on an annual basis.

Definitions:

Academic salary: salary that will be considered the "base salary". Increases in the academic salary for an entire department will be limited by the amount of the increases in state funds received by the department each year.

Variable component: component of salary that can vary from year to year; the amount of this component will be negotiated with the chair each year, based on performance.

Annual total salary: The sum of the academic salary and the variable component.

Floor Academic base salary: The minimum salary for each rank.