



Joint Department of Biomedical Engineering
The University of North Carolina at Chapel Hill and
North Carolina State University at Raleigh



Faculty Compensation Plan

(Final: June 17, 2009)

Purpose

This Faculty Compensation Plan is intended to meet the following criteria:

- 1) Be equitable for all whose salaries are governed by the Plan.
- 2) Apply to all EPA faculty members: tenured, tenure-track and fixed term.
- 3) Reward outstanding performance in teaching, research, and service.
- 4) Meet the department's budgetary constraints as controlled by levels of State support and other sources of funding.

NOTE: *The BME Faculty Compensation Plan is prepared by Department Chair in consultation with the Department Voting Faculty. Input from all BME faculty members is welcomed. The plan is reviewed each Spring Semester and updated as necessary to comply with the faculty compensation policies of the University of North Carolina at Chapel Hill School of Medicine and the NC State University College of Engineering.*

University Mandated Policies

Each new faculty member attends a “new-faculty orientation” workshop [1] of three to five days to learn about the teaching and research policies of the universities. The faculty member is also provided the department and university Promotion and Tenure Policies and Procedures [2-3]. In addition, within the first six months, the new faculty member and the department chair formulate and sign a formal Statement of Mutual Expectations (SME) [4] describing the teaching, research, and service assignments, as well as performance metrics, that should be met during the first appointment term. Annual activity reports with future year plans [5] are also reviewed and placed in the faculty member's personnel folder. For faculty members home-based at UNC, the School of Medicine mandates the Basic Science Faculty Compensation Plan [6] that applies to our department. Note that the faculty members based at NCSU have only an academic-year base salary. The total fiscal-year compensation for faculty members based at UNC-CH consists of a base plus a variable component.

BME Implementation of the University Mandated Policies

1) Statement of Mutual Expectations: The SME provides the overall framework within which the faculty member will focus her/his activities. This document is

revisited every three to five years to ensure that the appropriate fractions of each faculty member's total effort are being directed in the most productive areas to advance the faculty member's professional career and also contribute appropriately to the strategic goals of the department. The initial SME and subsequent changes are negotiated between the faculty member and department chair, and reviewed by the Department Voting Faculty (DVF). The DVF consists of the Core Faculty members who vote on tenure and promotion cases within the department. Having the DVF review and endorse the SMEs ensures that a faculty member will be evaluated fairly relative to the expectations expressed in the document when promotion and tenure dossiers are judged in the future.

2) Annual Report to the Faculty: In May and early June each year, every member of the department's faculty delivers a 10 to 15 minute oral report to their colleagues. This oral report summarizes their activities and research achievements during the last year. The oral report includes a list of active research collaborations within the department, at UNC and NCSU, and with other local, national and international organizations. The department chair, at his/her discretion, can use this annual exercise to conduct a peer review of research for specific faculty members or groups of faculty members.

3) Annual Faculty Activities Report (FAR): Using the format in [5], each member of the faculty documents her/his activities and performance for the current fiscal year, and proposes activity and performance levels for the next fiscal year.

4) BME Faculty Workload & Time Management Guide. Each faculty member is encouraged to prepare a summary of his/her total effort over the last fiscal year using the BME Faculty Workload & Time Management Guide [7]. The guide helps faculty members monitor the total number of hours that they spend during the year on various areas outlined in their SMEs. Those who choose to complete the guide find it to be very helpful.

5) Annual Review with the Department Chair: Each faculty members meets privately with the department chair to review his/her required FAR and optional Faculty Workload & Time Management Guide. During the annual review meeting, the faculty member and department chair discuss achievements and opportunities for improvement in teaching, research, and service. Performance over the current fiscal year is reviewed and goals for the next year are set. Both the faculty member and department chair sign the FAR document, and it is archived in the faculty member's personnel file. By university mandate, these annual review sessions are completed by June 30 each year.

6) Compensation-Level Decision Process: After all the annual review sessions have been completed, the department chair evaluates the performance of all faculty members in the department. The factors impacting the decision process are listed below. Final compensation levels are typically determined in August after the North Carolina Legislature has finalized that fiscal year's funding allocations for the University System. Salary increases are made when State and/or external grant

funding are/is available for such purposes. Reductions in salary as authorized in [6] for UNC home-based faculty are planned in June to give early warning of such measures. Letters informing faculty who are selected for total salary reductions (reductions in their base and/or variable component) are delivered to them before the end of June. The template for the letter can be found on the web [8]. The faculty may appeal the department chair's salary recommendations per the procedures outlined in [6].

7) **Factors Impacting Salary Compensation Levels:** The department chair makes salary recommendations to the Deans of Medicine and Engineering based on the following factors (the department chair will set the priority order for employing these factors):

- a) Availability of funding from the State, contracts, grants, gifts, and other sources.
- b) Advancement in rank.
- c) Assessment of performance by the department chair from the annual review session and FAR (teaching, research, and service).
- d) Salary release generated by the faculty member.
- e) Salary inequities due to salary compression, change in duties, balancing salaries between the UNC and NCSU campuses (see Table 1), and the like.
- f) Assessments of performance by the faculty member's students and peers (for specific faculty members, as needed).

Table 1. Salary Equity between Faculty Based at UNC and NCSU

Item	UNC	NCSU
Definition of Full Time (FTE=1.0)	Fiscal-year appointment (12 months, FTE = 1.0) includes 24 vacation days	Academic-year appointment (9 months, FTE = 1.0)
Academic year support (the department <u>guaranteed salary</u> using State funding, for new contracts)	FTE = 0.75 (mid August to mid May)	FTE = 1.0 (August 16 - May 15)
Expected Salary Release (tenured and tenure track)	40%	Two academic months
Expected Salary Release (Research and Teaching appointments)	Negotiated with the department chair	Negotiated with the department chair
Maximum Salary	Based on rank; subject to limits set annually by the School of Medicine	Academic year base plus up to three summer months (sometimes limited by funding agencies)

8) Computation of the Variable Component of Total Salary Compensation of BME Faculty based at UNC: As described in [6], faculty can qualify for a variable salary component by demonstrating excellent performance in teaching, research and service. As performance levels change from year to year, this component of the salary will also change. The research portion of the variable component is based on performance parameters reported in the annual FAR (e.g., publications, student mentoring, grant submissions, active grants, invited presentations, and the like) and upon faculty salary support from non-State sources. It is important to note that the research portion of the variable component is based only in part upon salary support from non-State sources. For Assistant Professors, the upper limit for the research portion of the variable component can be estimated by computing the percentage of their salary that is based on non-State sources. If that support is over 25%, then the computation can be made as follows. Subtract 25 from the total percentage of non-State support, and divide that value by two. This generates the maximum potential level of the research portion of the variable component. For example, if Assistant Professor John Doe is paid 45% from non-State sources, subtract 25 and divide by two to get his maximum level of variable salary for research performance, 10%. For Associate Professors, the same algorithm applies, but the formula begins at 30% non-State salary support. For example, if Associate Professor Jane Doe is paid 60% from non-State sources, subtract 30 and divide by two to get her maximum research portion of the variable component, 15%. In a similar manner, the formula for Full Professors begins at 35%. If Full Professor Henry Doe is paid 75% from non-State sources, his maximum research portion of the variable component is 20%.

Faculty Compensation Advantages by Campus

Achieving a faculty-compensation balance between campuses will always be a challenge. Since they serve on a nine-month contract, faculty members who are home-based at NCSU have greater flexibility in how they spend their summer months; they are off contract during that time. Consulting projects over the summer months can substantially increase income. In addition, the stability of their base salaries is protected by the policies of the College of Engineering.

At UNC-CH, faculty earn two days of vacation leave and one day of sick leave per month, and salary levels are much more flexible. An important advantage for faculty based in the School of Medicine is that top performers can be rewarded by salaries that increase significantly with increased productivity.

REFERENCES:

- [1] New Faculty Orientations:
NCSU <http://provost.ncsu.edu/faculty-dev/new-faculty-orientation/>
UNC TBD
- [2] BME Reappointment, Promotion, and Tenure Standards and Procedures
<http://www.ncsu.edu/policies/employment/rpt/RUL05.67.309.php>
- [3] College and University Policies and Procedures
UNC http://www.unc.edu/faculty/faccoun/handbook/section_III.htm
NCSU <http://www.ncsu.edu/uap/hat/current/ch10/0202.html>
- [4] Statement of Mutual Expectations
NCSU <http://www.ncsu.edu/policies/employment/epa/REG05.20.27.php>
- [5] BME Annual Faculty Activities Report (FAR)
<http://www.bme.ncsu.edu/faculty/BME-FAR.doc>
- [6] School of Medicine Basic Science Faculty Compensation Plan
Attachments 1, 2, and 3; <http://www.med.unc.edu/hr>
- [7] BME Faculty Workload & Time Management Guide
<http://www.bme.ncsu.edu/faculty/BME-FWP-TMG.xls>
- [8] School of Medicine Faculty Salary Reduction Letter Template
<http://www.med.unc.edu/hr/epa-salary-reduction-form>

ATTACHMENTS

- 1) UNC-CH School of Medicine Basic Science Compensation Plan (2009 Revision).
- 2) UNC-Chapel Hill School of Medicine Operational Guidelines for Faculty Compensation Plans (June 9, 2009).
- 3) UNC School of Medicine Memorandum on Minimum Salary Level, from Kevin FitzGerald, Executive Associate dean (June 9, 2009).

UNC-CH School of Medicine
BASIC SCIENCE FACULTY COMPENSATION PLAN

2009 Revision

(Originally Submitted to UNC Board of Governors Nov. 11, 2006)

Compensation of basic science department faculty in the School of Medicine at the University of North Carolina at Chapel Hill was previously defined as a single component annual salary. Salary modifications were implemented only on an annual basis, and although warranted salary adjustments were possible as funding sources changed, they were 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 faculty members to be appropriately rewarded for their activities using a multi-component system, while maintaining fiscally sound policies in their respective departments. Similarly, this plan should serve as a tool to encourage faculty productivity by allowing for decreases in compensation where faculty members fall short of stated expectations.

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 include all tenure-track and tenured faculty in the basic science departments, as well as tenure-track and tenured basic science faculty in clinical departments who are not otherwise covered by the School of Medicine Clinical Faculty Compensation Plan. Compensation for faculty appointed in a basic science department who are engaged in patient care may be set pursuant to the School of Medicine Clinical Faculty Compensation Plan in the discretion of the Chair and as set out in a written departmental implementation plan adopted as specified below and approved by the Dean and Office of University Counsel. This plan also covers fixed term faculty members except where such coverage is inconsistent with a faculty member's letter of appointment to University employment.¹

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 base 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.

¹ Effective immediately, appointment letters for School of Medicine fixed term faculty shall include a statement that their compensation shall be set as provided by the applicable School of Medicine compensation plan.

Base salary. The base salary will be set by the Chair annually or when a faculty member is hired. There is a floor base salary below which no faculty member's compensation can fall. This floor base salary will be set uniformly by academic rank throughout the basic science faculty, and will be adjusted not more frequently than annually but 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.

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 base 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. Faculty who serve as directors of centers or institutes internal to the School, division chiefs, or department chairs will be eligible for a variable component enhancement in their administrative supplements for such service, under criteria and procedures developed and administered by the Office of the Dean.

To be eligible for a variable component based on research, the faculty member will be evaluated by criteria that include: quality of research publications, national and international recognition, extramural funding to support the research program, and other criteria individual departments wish to include. One component of eligibility for a variable component based on excellence in research is that faculty would be expected to exceed the target for percent of salary earned from external sources, set by their department for their rank. The target level for participation is expected to increase with faculty rank. For faculty whose salary is above the NIH cap, the target salary percentage will be calculated against total salary from all sources.

Salary Adjustments:

As with all salary adjustments, the Department Chair determines the salary adjustment each year, based on available funds and the performance of the faculty member. 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 reflecting changes in grant funding, teaching performance, and other responsibilities.

The base salary is expected to be a relatively stable component of the total annual salary, with annual adjustments to participating faculty salaries largely occurring in the variable component. The variable component of the total salary can be adjusted either upward or downward each year. In addition, the base salary can be adjusted downward, with approval of the Dean, but cannot be adjusted below the minimum base salary. When it is anticipated that a faculty member's base salary will be reduced, the chair will write the faculty member to inform him or her of the planned reduction and the basis for same, and the faculty member shall have a period of not more than twenty calendar days from the date of the chair's notice to submit a written response stating why the proposed reduction is unwarranted. The chair and Dean will consider information provided by the faculty member in making final base salary determinations. Increases to the base 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 unless otherwise stipulated by the Board of Governors.

Because of departmental or divisional financial conditions, the Department Chair with approval of the Dean may lower the total base salaries for all faculty members covered by the Plan in the department or in a specific division of the department by not more than fifteen percent (15%) of their then-current total base salaries. Such adjustments must be made at the same rate for all affected faculty members.

Both the base salary and the variable component should be adjusted annually. However, 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, but salary cannot be adjusted solely based upon receipt of or termination of a federally sponsored research grant. Mid-year adjustments are also subject to approval by the Provost, and generally are permitted only on grounds of salary inequity corrections, retention, or change in duties.

All faculty members 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.

Departmental Implementation Plans:

The Chair will be responsible for filing with the Dean in advance of the beginning of each fiscal 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:

Base salary: Salary that will be considered the "set salary," guaranteed for a fiscal year. Increases in the base 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 base salary and the variable component.

Floor base salary: The minimum salary for each rank.

UNC-Chapel Hill School of Medicine

Operational Guidelines for Implementation of Faculty Compensation Plans

Issued: June 9, 2009

Purpose:

To provide operational guidelines to the standing compensation plans within the School of Medicine.

Coverage:

This guide applies to both clinical as well as basic science faculty.

Salary Determination:

As part of the annual review process each Chair (or their designee) must communicate with each faculty member informing the faculty member of the Chair's salary recommendations to the Dean for the upcoming fiscal year providing written notice of the recommendation. Each faculty member must have a base/annual salary set and must be informed of the actual variable/productivity component and how the variable/productivity component is calculated. These two components of salary combine to determine "total compensation."

Total compensation may not exceed salary ceilings as set by the Board of Governors; however, exceptions may be submitted to the BOG with the endorsement of the Dean. Requests to exceed the salary ceilings must be coordinated in advance with the SOM Assistant Dean for Human Resources.

While the base compensation is expected to remain relatively stable, reductions in the base component of the salary is allowed annually, with the advance approval of the Dean. In no case will the base salary fall below established/current academic rank minimums as published by the SOM. Because of departmental financial conditions, the Department Chair, with the approval of the Dean may lower base salaries for all faculty members covered by the respective plans by not more than fifteen percent (15%) of their then current base salaries.

A list of faculty for each department including the detail of the two components of salary must be sent to the SOM Human Resources Office for review and approval by the Dean's Office. Written correspondence from the Dean will confirm approval of the proposed salaries. Each Chair must ensure that each faculty member receives a written communication informing them of their salary for the new fiscal year. Copies of all correspondence must be maintained in each faculty member's personnel file. In the event that a faculty member's base or variable components of salary is being reduced, the Chair will inform the faculty member of the reduction, the basis for that decision, and the opportunity for the faculty member to address the reduction as set forth below. Normally, salary determinations are made concurrent with the annual raise process (ARP) which is dependent on the legislature for its timing and effective dates. However, if it is anticipated that "total compensation" will be reduced (either component/s which results in an overall reduction of "total compensation") for the coming fiscal year, the Chair must initiate that finalized paperwork to the SOM Human Resources Office by July 1st in order to ensure that a faculty member is not in an overpayment situation. (A template letter of notice of salary reduction may be found at the SOM-Human Resources website, left-hand navigation window.)

Opportunity to be Heard Regarding Salary Determination:

If a faculty member has received notice from the Chair of the department about a proposed base or variable salary component reduction, the faculty member has the opportunity to be heard on the matter by the Dean. The following procedures must be followed:

- The faculty member has 20 calendar days from the date of the Department Chair's written salary notification to the chair to provide a written statement of reasons why the proposed salary reduction is unwarranted, detailing the salary component/s being reduced and the rationale for disagreement with the reduction.
- The Chair within 10 calendar days will forward the faculty member's statement and any accompanying materials, along with the Chair's response, to the Dean, via the SOM Human Resources Office.
- The information will be evaluated by the Dean's Office and a final determination will be communicated within 10 calendar days to the faculty member and Chair with a copy to the SOM Assistant Dean for Human Resources

Faculty do not have the opportunity to initiate process on the opportunity to be heard on salary reductions taken on an across-the-board basis and impacting the entire department based on overall financial conditions.

Nothing set forth in these processes in any way deprives any faculty member of any grievance or appeal rights otherwise available to all faculty members under University faculty policies, including the Trustees Policies and Regulations Governing Academic Tenure at UNC-CH.

Payroll Action:

Should a faculty member initiate the opportunity to be heard regarding a proposed reduction in "total compensation" within a timeframe over which payroll would be processed incorporating the reduced salary rate; the reduced salary will be entered into the payroll system in order to avoid a potential overpayment situation. If the proposed salary reduction is not upheld, payroll actions making the necessary adjustments (including any retroactive payments) will be taken as timely as possible based on the timing of the final decision of the Dean or other University Officer, as applicable.



M E M O R A N D U M

TO: Basic Science Chairs
Center Directors
Clinical Department Chairs
Basic Science Department Managers
Center Department Managers
Clinical Department Managers

FROM: Kevin FitzGerald, Executive Associate Dean

RE: Minimum Salary Level

DATE: June 9, 2009

The current Basic Science and Clinical Faculty Compensation Plans stipulate that a Minimum Salary Rate will be assigned. The minimum is calculated by using a 3-year average of the 25th Percentile AAMC Faculty Salary Statics on Medical School Faculty Compensation. This is based on the All Schools- Basic Science- MD or Equivalent Degree, Total All Departments/Specialties multiplied by 50%. The minimum salary rates for the upcoming 2009-2010 fiscal year are as follows:

Professor	\$71,000
Associate Professor	\$49,833
Assistant Professor	\$31,500
Instructor	\$22,833

Please use these new minimum rates when addressing salary increases for your faculty in the upcoming fiscal year.

Feel free to contact me (966-9282) if you need additional information, or have questions regarding this memo.

cc: Bill Roper
Etta Pisano
Harvey Lineberry
Patsy Oliver
Deborah Biggs
David Parker