UNIVERSITY OF CALIFORNIA, IRVINE
COLLEGE OF MEDICINE IMPLEMENTATION PROCEDURES
FOR THE HEALTH SCIENCES COMPENSATION PLAN

I. INTRODUCTION

These UCI College of Medicine Implementation Procedures (Procedures) are developed and approved in accordance with the Health Sciences Compensation Plan (the Plan) approved by The Regents of the University of California in July 1999, and the Guidelines on Occasional Outside Professional Activities by Health Sciences Compensation Plan Participants (Guidelines) issued by the President on November 23, 1999. These Procedures are effective on July 1, 2002, after approval by the President. They shall remain in effect until new procedures are submitted to and approved by the Chancellor and the President.

Department compensation plan procedures (department procedures) are developed in accordance with these Procedures. All department compensation plan procedures must be reviewed and approved by the Dean prior to implementation. Affected Plan participants shall be afforded the opportunity to review and comment on proposed department procedures and revisions in such procedures. The Plan and Procedures will be used in each department to foster balance among the responsibilities for teaching, research, patient care and public service.

The University’s Conflict of Interest Code, adopted pursuant to the requirements of the Political Reform Act of 1974, requires designated University employees to disqualify themselves from participating in University decisions in which they have a personal financial interest. 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. Plan participants may obtain additional information on these disclosure and disqualification requirements from UCI’s Conflict of Interest Coordinator, Office of the Chancellor.

Nothing in these Procedures is intended to supercede the University Policy on the Requirement to Submit Proposals and to Receive Awards for Grants and Contracts through the University.

As stated in Section I of the Plan, the philosophy, goals, and purpose of the compensation plan are as follows:

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 (HSCP) 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 and the implementation procedures 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 the 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.

II. REVIEW AND APPROVAL RESPONSIBILITY

A. Overview

The regulations included in the Plan are intended to provide the policy framework within which these Procedures are developed and implemented. Any future revisions of these Procedures must be consistent with the Plan, reviewed by the College of Medicine Executive Committee, the Divisional Academic Senate Committee, the Compensation Plan Advisory Committee (described in B, below), and approved by the Chancellor and the President.

In developing procedures consistent with these regulations, provisions may be included that are more, but not less, restrictive than those outlined herein.

B. Role of the Compensation Plan Advisory Committee

The Compensation Plan Advisory Committee is established by the Dean. It shall advise and make recommendations to the Dean. Final authority shall rest with the Chancellor and the President if required. The Committee shall consist of eight voting members: six elected members, one department chair and one member appointed by the Dean. Voting members must be members of this Compensation Plan in good standing. The voting membership of this Committee shall include representatives from the department chairs, the Academic Senate faculty, and the non-Academic Senate faculty, and a representative appointed by the Dean. It shall also include representation from the basic science departments and medical, surgical and hospital-based specialty departments. See Appendix I for Guidelines describing the membership selection process, length of term, appointment of chair, and functions and process of the Committee.

C. Roles of The Regents, the President, the Academic Senate and the Chancellor

Sections II.B., C. and D. of the Health Sciences Compensation Plan describe the roles of The Regents, the President, the Academic Senate and the Chancellor as follows:

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 shall have the authority to:
• 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 that is greater than four times the highest step on the Professor Series Fiscal Year Salary Scale.

Role of the Academic Senate

The President shall consult with the appropriate Academic Senate committees 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.

Role of the Chancellor

The Chancellor shall have operational authority over the development and, subsequent to approval by the President, implementation and monitoring of the campus procedures for administration of this Plan. The Chancellor shall be responsible for assuring that affected Plan participants and the appropriate Academic Senate committee(s) shall be afforded the opportunity to review and comment on the proposed campus implementing procedures.

The Chancellor may redelegate the responsibility for administration of the compensation plan operations to the Dean through the Executive Vice Chancellor. If redelegated or not, the Dean, and the Compensation Plan Advisory Committee through the Dean, will be consulted on all issues for which the Compensation Plan Advisory Committee has advisory responsibility, as described in Appendix I, relative to administration of this plan. If the Dean and Committee cannot agree on a HSCP issue, the Dean may decide the issue or refer the issue to the Chancellor for a decision.

III. MEMBERSHIP IN THE HEALTH SCIENCES COMPENSATION PLAN

A. Membership Requirements

College of Medicine faculty shall be members of the Plan if they hold a University appointment at 51% or greater of full time, 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. Clinical Professor
7. Visiting Professor
8. Health Sciences School Dean titles
9. Any other title series approved for membership in this Plan by The Regents

Faculty members who are otherwise eligible for the Plan as defined above but who have appointments of 50% or less of full time may participate in the Plan upon approval by the Dean. College of Medicine guidelines shall specify when membership in the Plan is required for faculty whose College of Medicine funded appointment is 50% or less of full time.

Membership in the Plan is a term and condition of employment. All new and continuing eligible Plan members shall receive a copy of the Plan, these Implementation Procedures and any related departmental procedures setting forth Regental, campus and departmental policy applicable to faculty covered by the Plan.

All eligible members of the Plan are expected to sign the following statement of agreement. A new appointee will not be employed without first signing this statement at the time of employment or inclusion in the Plan:

"I certify that I have received a copy of the University of California Health Sciences Compensation Plan, the UCI College of Medicine Implementation Procedures and department compensation plan procedures. I agree to comply with all of the terms and conditions contained therein. I understand that I may not retain any income from my professional services except as stipulated in those documents. I understand that 100% of my professional commitment is to the University. I understand further that compliance with provisions contained in The Health Sciences Compensation Plan, these Implementation Procedures and department compensation plan procedures is a condition of employment for Plan members."

Since membership in the Plan is a term and condition of employment, failure or refusal of current Plan members to sign will not excuse him/her from the terms and conditions of the Plan.

IV. COMPENSATION

The Income Limitation Arrangement is not an option for compensation of health sciences faculty, except as provided in Appendix A of the Plan. No single member professional corporations, or any other form of professional corporation, professional 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.

A. Total Compensation

Faculty participating in the Plan shall belong to an academic programmatic unit and shall:
1. receive base salary as described in Section C, below,
2. be eligible for optional additional compensation as described in Section D, below,
3. be permitted to retain other miscellaneous income as described in Section E, below.

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 additional compensation as described in Section D, 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. Academic Programmatic Unit (APU)

A group of HSCP faculty within the same academic department, research area or organized multi-disciplinary program may be given APU status if it meets one or more of the following criteria: 1) is nationally recognized as an academic department or research discipline, 2) is nationally recognized as an academic subspecialty by the specialty governing body, 3) is a recognized group practice under University management, or 4) otherwise shares common academic (i.e. teaching, research and/or service) responsibilities as determined within the authority delegated to the Chancellor. An APU must have a minimum of three members. APU status must be reviewed and approved by the Dean, upon recommendation of the Department Chair. Any exceptions to these APU criteria or membership requirements must be approved by the Department Chair, the Dean and the Chancellor. Any change to these criteria must be reviewed by the Compensation Plan Advisory Committee and be approved by the Dean and the Chancellor.

For purposes of this Plan, an APU will be defined and used when determining the Health Sciences Salary Scale, the Health Sciences Severance Pay Plan percentage and the rationale used in establishing the Y and Z compensation.

C. Base Salary

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. The base salary is covered under the University of California Retirement Plan (UCRP) up to the amount permissible by law and in accordance with UCRP provisions and regulations. The following terms are used to describe components of base salary:

1. Fiscal Year Base salary ("X")
   Fiscal Year Base salary is the portion of a faculty member's compensation which corresponds to Scale 0 on the Health Sciences Compensation Plan Salary Scales. No State funds shall be used for compensation above the fiscal year base salary.

2. Health Sciences Base Salary Scale Differential ("X prime")
   A Health Sciences Salary Scale, as issued by the Office of the President, shall be approved for each academic programmatic unit. The differential is the amount
by which the approved health sciences base salary scale exceeds the fiscal year base salary scale (scale 0).

The Health Sciences Salary Scale shall be submitted to the Dean as recommended by the Department Chair, during the annual budget review process. Each APU must demonstrate reasonableness of compensation and financial solvency through submission of their annual budget to the Department Chair, then the Dean. The Dean may approve the Salary Scale and submit it to the Chancellor for approval, if financial solvency can be demonstrated. An APU may request a long-term goal of achieving a Salary Scale between 0 and 9. Once approved, the APU may, with the Dean’s approval, advance to the next higher salary scale each successive year until the approved scale has been reached. The Chancellor, upon recommendation of the Dean, may reassign an APU to a lower scale for financial reasons after a one-year period. Faculty shall be advised in writing of their Base Salary Scale assignments.

D. Optional Additional Compensation

Additional compensation may be paid, in accordance with fund source restrictions, as described below. Department compensation plan procedures shall specify how additional compensation is calculated and when it will be paid. Plan participants shall be afforded the opportunity to review and comment on proposed department procedures and revisions in such procedures.

1. Negotiated additional compensation ("Y")

The Department Chair or APU Director may negotiate an amount of additional compensation as part of the annual salary negotiation process. This component is beyond the Fiscal Year Base Salary (X) and Health Sciences Salary Scale Differential (X prime) and is not covered compensation for the University of California Retirement Plan. This compensation can be determined at the APU level with approval of the Department Chair and the Dean. A departmental plan, along with the proposed salaries for all plan members, must be submitted in May each year for the following fiscal year as part of the Department budget to be approved by the Dean. Pay which is negotiated on a more frequent basis than annually (for example, quarterly) shall be paid as incentive/bonus income (described in 2. below).

An APU may seek approval from the Department Chair, Dean and Chancellor to cover additional negotiated compensation under the Health Sciences Severance Pay Plan (HSSPP) at a contribution rate between 0 and 13%, if financial solvency can be demonstrated. The contribution rate may vary between APUs within a department. The rate will be determined annually per the HSSPP guidelines. Changes to the HSSPP as approved by The Regents and/or Office of the President shall apply and become an integral part of these procedures.

2. Incentive/Bonus compensation ("Z")

Plan members may receive incentive/bonus compensation. This incentive/bonus compensation is not covered compensation for the University of California Retirement Plan. Each department or unit with "Z" compensation must develop incentive-based compensation guidelines which will be included in department
compensation plan procedures. The procedures shall be reviewed and approved by the Dean prior to implementation.

An APU may seek approval from the Department Chair, Dean and Chancellor to cover incentive compensation under the Health Sciences Severance Pay Plan (HSSPP) at a contribution rate between 0 and 13%, if financial solvency can be demonstrated. The contribution rate may vary between APUs within a department.

E. Other Miscellaneous Income Which May be Retained by Plan Members

Certain categories of income accruing from occasional service (other than patient care), as described below, may be retained by Plan members. The Department Chair and/or Dean shall monitor the frequency of individual activity in these areas. Only the income from category 1 must be reported annually as described in Section IV.F.3.c. The income from categories 2-7 may be retained and is not reportable.

1. Income from occasional service (other than patient care) as described in departmental procedures, which must be developed and approved in accordance with the Plan and Guidelines (see APM 670) and Section IV.F. of the College of Medicine Implementation Procedures.

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.

6. Administrative stipends, defined in Academic Personnel Policy 633 as payments by the University for responsibilities related to University administration beyond normal academic responsibilities.

7. Income from a profession or activity unrelated to the training and experience which is the individual’s qualification for University appointment as recommended by the department chair and approved by the Dean, in consultation with the Compensation Plan Advisory Committee.

F. Departmental Requirements on Occasional Outside Professional Activities

Each department shall develop compensation plan procedures which include requirements on occasional outside professional activities. The department procedures must meet the criteria outlined below and must be approved by the Dean before
implementation. Affected Plan participants shall be afforded the opportunity to review and comment on proposed department procedures and revisions in such procedures.

1. Limit on number of days devoted to outside professional activity

Department procedures may allow a maximum of 48 days per year of compensated outside professional activity for faculty in good standing. Department procedures may set a maximum number of days less than 48, but not less than 21. Department chairs must submit to the Dean written justification for proposed limits lower than 48 days and must provide affected Plan participants an opportunity to review and comment.

2. Types of income that may be retained by Plan participants

Department procedures shall describe the types of professional income that Plan members may be allowed to retain, as follows:

- Payments for occasional service (other than patient care):
  - to governmental agencies,
  - to non-profit health- or education-related organizations,
  - to continuing health education programs administered by the University,
  - to University extension,
  - as a consultant to non-profit entities,
  - as a consultant to for-profit entities and
  - as an expert or professional witness.

3. Mechanisms for Addressing Potential Conflicts of Commitment

a. Good Standing Criteria

Department procedures shall state that Plan participants must satisfy good standing criteria in order to be allowed to earn and/or retain income from professional activities. Good standing criteria will include requirements related to the following:

- Clinical coverage
- Teaching obligations
- Participation in department activities
- Compliance with the compensation plan

Each Department's implementation procedures shall further describe specific requirements for the first three criteria. Department implementation procedures may include additional criteria and must describe the criteria. Prior to the implementation or revision of good standing criteria, Plan participants shall be provided the opportunity to review and comment on the proposed criteria.

Faculty who are not in good standing must obtain written advance approval from the Department Chair, and approval by the Dean, to engage in any unassigned professional activities, and the income from all such approved activities shall accrue to the Compensation Plan and shall be deposited in a compensation plan account. A 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 Compensation Plan Advisory Committee as described in Section VI.A.4. of these College of Medicine Implementation Procedures.

b. Annual Outside Professional Earnings Approval Threshold

Department procedures will include an annual outside professional earnings approval threshold. The maximum approval threshold for the College of Medicine is $20,000 or 20% of the Health Sciences Compensation Plan salary scale for an individual faculty member’s rank, step and academic programmatic unit, whichever is greater. With the Dean’s approval, department procedures may set a lower annual approval threshold. Department Chairs must submit to the Dean written justification for a proposed lower threshold. Prior to the implementation or revision of a department approval threshold affected Plan participants shall be provided an opportunity to review and comment on the proposed threshold.

A Plan participant who has satisfied the good standing criteria, who has not exceeded the limit set on the number of days devoted to compensated outside professional activities, and whose annual earnings from all outside professional activities will be less than the department approval threshold, may 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.

Each Plan participant is responsible for maintaining a running total of his or her annual earnings from all outside professional activities. If a 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 established department approval threshold, then he or she must request approval to engage in the activity. A written request must be submitted to the Chair providing 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,
- 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.

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 department approval threshold. Department Chairs have limited authority to approve the retention of income by faculty. If the income from an activity is expected to cause the Plan participant’s total annual earnings to exceed the greater of $20,000 or 20% of the Health Sciences Compensation Plan Salary Scale rate for the faculty member, the Chancellor’s approval is required in order for the Plan participant to retain the income. All such requests must be forwarded to the Dean for approval and submission to the Chancellor. The Chancellor’s approval must be in writing with a copy to the President.
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 department approval threshold, he or she must request the Department 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.

A Plan participant shall notify his or her Department Chair immediately if the dollar threshold is inadvertently exceeded or if any of the information provided in an approval request changes or becomes inaccurate; for example, a participant should immediately notify the 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 for violation, neglect or manipulation of Compensation Plan requirements. See Section VI.A.3 for additional information.

c. Reporting of Outside Professional Activities

Each Plan participant shall submit an annual report describing the previous calendar year’s outside professional activities (as described in Section IV.F.2) from which the Plan participant retained income and an attestation of adherence to department compensation plan procedures. This report is to be submitted to the Faculty Compensation Office by April 15 of each year for the preceding calendar year as part of the annual reconciliation process. (see Section VI.A.2.b.) The report will include, at a minimum, the following:

- Description of service performed
- Name of organization or person who received the service
- Type of organization (e.g. non-profit, for-profit, govt. agency, etc.)
- Amount of compensation
- Number of compensated days involved

It is the Plan participant’s responsibility to bring to the attention of his or her Department Chair those activities that require advance approval pursuant to Section IV.F.3.b.

4. 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 (ref. APM 015, Section II).
Questions about the appropriate use of University resources and coverage under University liability programs should be discussed with the faculty member's Department Chair, who may consult with the Dean. The Dean will, if necessary, refer the questions to other appropriate University officers. In general, coverage under University liability programs will not be provided for activities where the Plan member retains the income.

5. Monitoring and Enforcement

The primary means of monitoring compliance will be review by Department Chairs and the Dean of information provided by the faculty member in annual reports on outside professional activities. If a Department Chair has any concerns about whether a Plan participant is meeting the established standards, the matter may be referred to the Dean. If the Department Chair or the Dean has reason to believe that a Plan participant has not complied with the procedures on outside professional activities, the Dean, after consultation with the Compensation Plan Advisory Committee, may take appropriate action to bring the plan member into compliance (see Section VI.A.3.). Situations where Plan participants will be considered out of compliance with the guidelines on outside professional activities include, but are not limited to:

- Failure to turn over income due to the Plan as required by these Implementation Procedures and department compensation plan procedures.

- Failure to accurately disclose and describe the nature and scope of outside professional activities as required by these Implementation Procedures and department compensation plan procedures, including submission of an annual report.

If a Plan participant has been found to be not in compliance with these Procedures or department compensation plan procedures, the Dean may take appropriate corrective action (see Section VI.A.3). Such 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 threshold 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.

V. BENEFITS

A. Base Salary-Related Benefits are associated with an individual's salary from one of the Health Sciences Salary Scales, paid through the University of California payroll system. These benefits include participation in the UCRP, health care insurance, disability insurance, regular term life 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.

B. Optional Benefits on Additional Compensation paid through the University payroll system. The Regents have authorized benefit programs related to health sciences
additional compensation beyond the Health Sciences Base Salary Scales paid through the University payroll system:

1. Disability and life insurance programs, as 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 Office of Employee Benefits/Human Resources, Office of the President.

2. Health Sciences Severance Pay Plan

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

C. Paid Leave

Plan members who are eligible for sabbatical leave, leave with salary, or vacation leave, or who are granted sick leave (including leave granted under the Family Medical Leave Act) may be granted such leave at the Health Sciences Scales Base Salary rate or total negotiated salary rate according to leave policy as described in department compensation plan procedures.

Each APU must submit in writing a plan outlining the payment of the Health Sciences Base Salary Scale Differential (X prime) and the "Y" and "Z" compensation while a faculty member within that APU is on an approved leave of absence with pay, including sabbatical leave. This plan must also outline the payment of compensation while a faculty member is on disability or extended sick leave. All leaves, with or without pay, must be in compliance with University policies and procedures. This plan must be approved by the Department Chair and the Dean. This plan must be applied uniformly to all members of the APU.

College of Medicine administration and the Accounting Office shall develop and provide a funding mechanism for support of all benefits determined to be available under the provisions of this Plan.

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, 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.E. Professional services income is defined as income derived from a profession or activity related to the training and experience which constitute the individual’s qualification for University appointment, including professional witness fees, fees for advice related to the practice of medicine, and industry consultation. Professional services income includes cash and non-cash compensation, such as stock or stock options, received in exchange for professional services provided. 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.

All patient care professional fee billing and collection activities shall be conducted by University billing groups and/or by external billing vendors with whom the University has contracted.

a. All patient care professional fees collected for plan members shall be deposited in accordance with University policy. Upon receipt by the University internal billing services, the money will be deposited within 24 hours into the appropriate University departmental fees fund. For external vendors, the money will be directly received and deposited into a University lock box bank account established in accordance with University delegations of authority.

b. Until completion of the phase-in to centralized billing, contracts with external vendors shall be processed and executed in accordance with delegated authority and University policies and procedures. They shall contain standard University-approved clauses, be subject to audit, and provide for monthly transmission of billing and collection information to the University. Specific University-wide regulations shall be developed for such contracts as needed to assure that funds are accounted for, safeguarded, and appropriately managed. Failure to comply with these terms or other terms of the University contract may result in termination of the University contract with the billing vendor. These terms will be further described in each contract.

c. Departmental records shall be maintained whereby the billing and collections for each faculty member or group will be separately identified. These records will be made available to the respective faculty member or group upon written request to the Department Chair. These records may serve as a basis for determining compensation paid to individual faculty members in accordance with Section IV and/or for establishing a budget to be used by faculty members for academic enrichment. This budget may be used to fund University approved expenses such as professional organization dues, travel expenses or professional subscriptions. Funds to pay these University approved expenses should be separately identified within the department’s fund and account structure. Reimbursement of any such expenses to the faculty must be processed in accordance with University policies.

2. Accountability and Reporting

a. Patient care professional fee billing and collection reporting

For purposes of ensuring that all income from patient care activities is reported and that assessments to the University are calculated under the terms of this plan, the University shall have access to all information regarding billing and collections for all plan members. This includes but is not limited to monthly reports of billing and collection activity by member or group. The University reserves the right to audit all billing and collection records.
b. Annual reconciliation process

Each member shall submit a signed Annual Reconciliation Statement itemizing professional earnings. This statement will be used in determining if there is other assessable income. This statement will include an annual report on outside professional activities from which the Plan participant retained income as required in Section IV.F.3.c. The signed Reconciliation Statement is to be submitted to the Faculty Compensation Office by April 15 of each year for the preceding calendar year. If there is concern that the statement is inaccurate, the Dean or his designee may require a copy of the member’s IRS Form 1040, Schedule C, all W-2s and 1099s as filed or amended. The University also reserves the right to audit all records, wherever located and in any professional setting, necessary to ensure compliance with this reporting.

3. Non-compliance

Situations may develop in which members of the Plan will be considered not in compliance with the terms and conditions of the Plan. These situations may include, but are not limited to, the following:

- Failure to use a University approved billing service or departmentally managed billing service and/or failure to deposit income to the University.
- Refusal to submit a signed, accurate, and complete Annual Reconciliation Statement and all supporting documentation as required by the Plan.
- Failure to submit to the University all documents required for an audit.
- Failure to comply with department compensation plan procedures on Occasional Outside Professional Activities.

If the Department Chair, or the Dean's Office has reason to believe that a Plan member has not complied with the terms of the Plan, the Dean, after consultation with the Compensation Plan Advisory Committee, may take appropriate action to bring the plan member into compliance. This action may include, but is not limited to, any or all of the following.

- Reduce the plan member’s total compensation by eliminating all optional additional compensation and reducing the member’s salary to the Fiscal Year Salary Scale (Scale 0) with the approval of the Chancellor and the President.
- Initiate steps to terminate employment, or other discipline in accordance with the procedures set forth in Academic Personnel Policy.
- Referral for appropriate legal action.

4. Grievance Procedure
a. If a plan member believes that he/she is in compliance with the Plan, or that any action taken by the Dean pursuant to Section VI.A.3 is not appropriate, or otherwise has grievances within the purview of the Plan, the plan member shall present to the Dean a written petition concerning the grievance. The petition should include sufficient information to describe the action complained of, the person who took the action, the adverse consequences suffered by the Plan member and the proposed remedy sought. The petition must be presented to the Dean within 30 days of the date the action was taken. In addition, 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. Other faculty may grieve through the provisions of Academic Personnel Policy 140.

b. The Dean shall forward the grievance to the Compensation Plan Advisory Committee for hearing. The Compensation Plan Advisory Committee will appoint an ad hoc committee to investigate the appeal. The ad hoc committee may take written and oral evidence presented by the plan member and by the Department Chair and/or the Dean’s Office. The Due Process requirements in Privilege and Tenure Hearings shall apply to the hearings of the ad hoc committee. The ad hoc committee will make written report of its findings and recommendations concerning resolution of the grievance to the Dean and the CPAC. The ad hoc committee must complete its review and submit its written report within 60 days of receipt of the grievance from the Dean.

c. Within 30 days of receipt of the ad hoc committee’s written report, the Dean will render an opinion and notify all parties. The decision should be based on the terms of the Plan, any applicable Guidelines, University policies and procedures, and the record presented to the ad hoc committee, including documentary and oral evidence, if recorded.

d. If the plan member is not satisfied with the decision of the Dean, he/she may appeal the Dean’s decision in writing to the Chancellor within 30 days of the date of the Dean’s decision. The Chancellor’s decision should be based on the terms of the Plan, any applicable Guidelines, University policies and procedures, and the record presented to the ad hoc committee, including documentary and oral evidence, if recorded. The Chancellor’s decision shall be final and there may be no further appeal.

e. The ad hoc committee, the Dean and the Chancellor will make every effort to expedite a final decision within the time frame stated above, plus such extensions as the ad hoc committee, the Dean and the Chancellor may find necessary.

f. In the event that, pursuant to Section VI.A.3., the Dean initiates termination of employment or other discipline governed by Academic Personnel Policy, the provisions of this Paragraph on Grievances shall not apply and, instead, the Plan member, the Dean and the
Administration shall proceed in accordance with the requirements of Academic Personnel Policy.

B. Fund Accounts and Sources

The College of Medicine administration, in cooperation with the Campus Accounting Office, shall establish a Medical School Fund Account(s) for each Health Sciences department. All fund accounts shall be separate University accounts and shall receive income from the following sources:

1. Income from professional services.

2. Amounts paid by University hospitals or affiliated institutions and/or service agreements for professional services (deemed as professional fee income and therefore assessable) and paid to the department. These funds can be used to pay a component of the participant's salary as described in Section IV.

3. Amounts paid by University hospitals or affiliated institutions and/or service agreements for managerial services (non-assessable) rendered to the hospitals by participants in the Plan and paid to the department. These funds can be used to pay a component of the participant's salary as described in Section IV.

4. Such other funds as are required by the Chancellor or the 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

Gross Plan income is subject to assessment. Plan income includes all patient care professional income and other professional services income due the Plan. The income retained by Plan participants from the categories specified in Section IV.E. is not subject to assessment.

All calculations for the assessments set forth below are applied to patient care professional fee income, and will be based on gross patient care professional fee income, regardless of where or how earned. Gross patient care professional fee income is defined as gross patient care professional fee collections less refunds.
All assessment rates described below will be reviewed annually. The Compensation Plan Advisory Committee will review and make recommendations on proposals submitted by the Dean to change the College and Practice Development Assessment rates. If the Dean and Committee cannot reach an agreement as to the assessment rates, the Dean may decide the issue or refer the issue to the Chancellor for a decision.

1. Assessments

   The assessment rates are as follows:

   a. The College assessment will be five (5) percent.

   b. The Practice Development Assessment (PDA) will be no more than five (5) percent.

   c. In the event that the Dean determines that financial constraints require it, there may be a necessity to develop an additional cost of practice (user fee) for the use of clinical facilities. The Compensation Plan Advisory Committee will review all proposals for cost of practice arrangements including user fees and make recommendations to the Dean who will have final approval authority.

   d. The department assessment will be used by the department for purposes as determined by the Department Chair. The department assessment rate will be from zero to seven (0-7) percent. This rate will be requested by the Department Chair, after consultation with the departmental faculty, in May of each year as part of the department budget package for the subsequent fiscal year. A departmental assessment in excess of seven (7) percent must be financially justified and reviewed by the Compensation Plan Advisory Committee which will make a recommendation to the Dean who has final approval authority. The Dean will make a decision regarding the department rate by July 1 to be effective on that date.

   e. A department overhead assessment to cover administrative and/or clinical practice costs may be applied to patient care income and other professional services income by the Department Chair, as approved by the Dean. The Department Chair shall report annually to the departmental faculty and the Dean on the use of the assessment funds.

2. Collection of Assessment

   Monthly, the department will transfer the College assessment and the PDA assessment to the Dean’s Office. This transfer will occur no later than ten (10) working days from the last day of the calendar month. These assessments will be based on billing and collection reports for month end closing and submitted with the assessment transfer.

3. Use of Assessments
The College assessment will be used at the discretion of the Dean. The Dean shall submit an annual report to the Compensation Plan Advisory Committee and the Council of Clinical Chairs on the use of these funds. The Practice Development Assessment will also be allocated to the Dean for use in developing and supporting the clinical practice of the faculty. The Dean shall submit an annual report to the Compensation Plan Advisory Committee and the Council of Clinical Chairs on the disposition of the PDA funds. The department assessment will be available to the Department Chair for his/her discretion. The Department Chair shall report annually to the faculty of the department and the Dean on the use of the department assessment.

D. Contingency in Event of Inadequacy of Health Sciences Fund Accounts (or Medical School Department or APU Fund Accounts)

Each APU and department shall establish a Reserve for Contingencies. In the event that current year income of the Plan in the APU Fund Accounts is insufficient to pay Plan expenses, including the agreed-upon compensation to each Plan participant, the Chair shall turn first to the APU Reserve for Contingencies. If the funds in the appropriate APU and department reserve accounts are insufficient for this purpose, the Dean may consider providing support from other non-State fund accounts within the Dean's discretionary funds. If such support is not forthcoming, then the department or APU will reduce the participants' additional compensation and/or benefits by a uniform formula, in accordance with any fund source restrictions, that is recommended by the Chair and approved by the Dean. The Chancellor shall be notified prior to such action being taken. The department shall submit a reserve plan annually during the budget review process.

Funds may not be used or transferred from one Fund Account to another within a medical school account without consultation with the Department Chair. In accordance with University Accounting and Budgeting policies and procedures, Fund Accounts shall be maintained as financially independent within each department for administrative purposes. Conversely, the presence of fund balances in other than deficit departments shall not be a reason to use these funds to resolve specific department financial issues.

E. Budgeting

Each department shall submit a budget to the Dean by May 1 of each fiscal year for professional fees funds and funds used to pay salaries and benefits covered by this Plan. The budget shall consist of a revenue projection and anticipated expenses including salary and benefits, billing costs, assessments and all other expenses. Budget updates may be required as frequently as the Dean considers necessary, given each department's financial condition. 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, assessments described in this Plan, 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, the department/APU may fund benefits as provided in Sections V. B. and C., if approved by the Dean.

4. To the extent that funds remain after all the foregoing expenditures, the department and APU shall contribute funds to the Reserve for Contingencies in an amount recommended by the Department Chair, and approved by the Dean and the Chancellor.

5. When a department or APU 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 APU 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 and approved by the Department Chair, the Dean and the Chancellor.
APPENDIX I

UCI COLLEGE OF MEDICINE
COMPENSATION PLAN ADVISORY COMMITTEE

GUIDELINES

PURPOSE AND RESPONSIBILITIES

The Compensation Plan Advisory Committee serves in an advisory capacity to the Dean and will be consulted on issues relative to administration of the Plan.

The Committee has responsibility for advising the Dean with regard to:

- The Irvine College of Medicine Implementation Procedures, including any proposed revisions to the Procedures
- Requests for exceptions
- Interpretation of the Irvine College of Medicine Implementation Procedures
- Issues relative to College and department compensation plan procedures to implement the Guidelines on Occasional Outside Professional Activities including the establishment of department good standing criteria and department approval thresholds
- Processes for developing department compensation plan procedures, including methods for obtaining faculty input and for determining consistency with the College of Medicine Implementation Procedures
- Faculty grievance petitions with regard to the implementation and administration of the compensation plan
- Part time appointments
- Other issues as requested by the Dean

REPORTING RELATIONSHIP

As an elected representation of Plan members, this Committee is accountable to the faculty and advisory to the Dean. If the Dean and Committee cannot agree on a HSCP issue, the Chancellor or his designee will act as arbiter. Final authority shall rest with the Chancellor and the President, if required.

MEMBERSHIP

Membership shall consist of eight voting members of the Plan in good standing. The Dean may appoint one voting member to the Committee. Except that the current chair of the Faculty Medical School Clinical Compensation Plan Committee will serve a one year transition term through 2001, as a non-voting member appointed by the Dean. Faculty in the following seven categories will be elected to represent their constituents as follows:

Department Chair – One member as elected by a majority vote of department chairs.

Academic Senate – One member as elected by a majority of the voting Plan members.

Non-Academic Senate – One member as elected by a majority of the voting Plan members.

Basic Science (Anatomy, Biological Chemistry, C&E Medicine, Microbiology, Pharmacology, Physiology) – One member as elected by a majority of the voting Plan members in those departments.

Medical Specialties (Dermatology, Family Medicine, Medicine, Neurology, Pediatrics, PM&R, Psychiatry) – One member as elected by a majority of the voting Plan members in those departments.

Surgical Specialties (Neurosurgery, Ob/Gyn, Ophthalmology, Orthopedics, Otolaryngology, Surgery) – One member as elected by a majority of the voting Plan members in those departments.
Hospital-based Specialties (Anesthesiology, Pathology, Radiation Oncology, Radiology) – One member as elected by a majority of the voting Plan members in those departments.

**NOMINATION AND ELECTION PROCESS**

Nominations will be solicited by the COM Executive Committee. Nominations will be accepted from the Dean, faculty, departments and Executive Committee. If more than three nominations are received for any position, a preliminary vote will be taken of the respective group, and the three nominees receiving the most votes will be placed on the ballot. The election will be held in November with the term commencing on the following January 1 (except that the first election will be held in Winter, 2001). The election will be administered by the Faculty Compensation Office, under the authority of the Dean.

**TERM**

Elected members will serve a staggered term of two years. In the initial year, the terms will be:

- Department Chair – initial term through December 31, 2001; thereafter, two year term beginning January 1, 2002
- Academic Senate – two year term beginning January 2001
- Non-Academic Senate – two year term beginning January 2001
- Basic Science Departments – initial term through December 31, 2001; thereafter, two year term beginning January 1, 2002
- Medical Specialties – initial term through December 31, 2001; thereafter, two year term beginning January 1, 2002
- Surgical Specialties – initial term through December 31, 2001; thereafter, two year term beginning January 1, 2002
- Hospital-based Specialties – initial term through December 31, 2001; thereafter, two year term beginning January 1, 2002

If an elected member becomes ineligible (terminates membership in the Plan or becomes a member in non-compliance) or is unable to complete their elected term, an election will be held to serve out the remaining portion of the member’s term. All individuals elected, to the extent possible, will represent the broad and diverse interests of their constituents. A Plan member may serve no more than two consecutive terms.

**COMMITTEE CHAIR**

The Chair of the current Faculty Medical School Clinical Compensation Plan Committee will call the first meeting of the elected body. At the first meeting a chair will be elected by the members of the Committee. The Chair will serve as chair for the term of his/her elected term.

**MEETINGS, VOTING RIGHTS AND QUORUM REQUIREMENTS**

The Committee shall meet monthly or as determined by its Chair, but no less frequently than semi-annually. A quorum shall consist of four voting members of the Committee. No voting may occur with less than a quorum. All actions or recommendations shall have a majority vote of those in attendance. Voting by proxy shall not be permitted nor an alternate representative permitted to attend.