

**Contact: Tom Evans**

**REQUEST FOR MODIFICATION OF IOWA BOARD OF REGENTS APPROVED  
UNIVERSITY OF IOWA CARVER COLLEGE OF MEDICINE INCENTIVE PROGRAM**

**Action Requested:** Consider approval of the request by the University of Iowa to modify the approved University of Iowa Carver College of Medicine Incentive Program.

**Executive Summary:** The Carver College of Medicine (CCOM) is requesting a modification of their Basic Science Incentive (BSI) program. In brief, CCOM implemented an incentive program to reward research faculty in their Basic Science departments (Anatomy & Cell Biology, Biochemistry, Microbiology, Pharmacology, and Molecular Physiology & Biophysics) who generate significant portions of their salary through extramural grant funding. The plan's primary purpose was to encourage incremental extramural funding as a way to support faculty effort that is not covered by General Funds, and allow for creative and innovative researchers to be recruited to and retained at the institution. The plan was initially granted as a pilot, and it has subsequently been reviewed and renewed at the Board level three times, most recently in 2011. With the 2011 renewal, nonclinical PhD faculty members in clinical departments were added to the program. The current modification being proposed is a compensation plan that continues to recognize changes in faculty productivity and effort, with allowances to adjust salaries accordingly. This plan also brings the nonclinical faculty in line with their clinical counterparts who have maintained a compensation plan that is based on both merit and productivity, with allowances for salary adjustments as needed.

**Compensation Program for Nonclinical Faculty Members  
in the Carver College of Medicine**

**I. Background**

The Carver College of Medicine (CCOM) consists of faculty with active clinical responsibilities (MD and PhD faculty) as well as MD and PhD faculty who have no clinical responsibilities and no role in the University of Iowa Physician group. Of the nonclinical faculty, approximately half reside in one of the five basic science departments (Anatomy and Cell Biology; Biochemistry; Microbiology; Pharmacology; Physiology and Biophysics). The remainder of these faculty members has a primary appointment in a clinical department or in the Department of Physical Therapy and Rehabilitation Science. This compensation plan is designed to outline compensation expectations for all nonclinical faculty members in the college.

II. Proposed Extension of Current Plan Concept

The concept of a nonclinical faculty productivity-based compensation plan is based on both the faculty member and the department achieving certain goals or productivity measures and achieving targets in the missions of research, teaching, and service. This plan would continue to recognize faculty whose extramural awards provide significant salary support, and continue to recognize faculty with high level awards that provide minimal or no salary support due to funding entity restrictions. The plan would also recognize those who spend a considerable amount of their time and effort contributing to important teaching and administrative activities in their department. Finally, this plan would allow for salary alterations in the event of decreased or absent productivity in the areas outlined above. This plan is intended to be a compensation plan that would lead to further increases in research productivity and subsequent salary offset that would provide return for departmental uses, for example, seminars by visiting speakers, purchase of shared equipment, start-up funds for new faculty, bridging funds for faculty who experience an interruption of extramural support, etc.

The ability to adjust salaries for changes in productivity and faculty effort is part of a healthy compensation plan. Departments require flexibility in setting compensation within the constraints of their income. With advancing seniority the merit raises would be placed at risk should productivity and faculty effort fail to meet departmental standards as noted below.

This plan is consistent with the current expectation that all non clinical faculty tenure track faculty support a minimum of 50% of their salary through extramural grant/contract funding. In addition, the college will reward roles that do not bring in extramural funding but are critical to departmental functioning, such as course directorships, extensive teaching and other service/support obligations. This plan would be applicable to all non clinical tenure track faculty in the Carver College of Medicine, including chairs of the basic science departments.

The following defines the criteria for eligibility and the potential payment amounts associated with the acquisition of extramural awards that provide salary support, extramural grants that provide limited or no salary support and teaching/administrative service productivity payments. The following further defines the expectations for ongoing faculty productivity and the guidelines for salary reduction in the event of changing productivity metrics.

**Caveats and Operational Guidelines for Incentives**

- The Department must have adequate financial reserves and a positive end of year margin to award these incentives
- The minimum threshold to achieve a lump sum incentive payment would be 60% salary offset through any combination of activities as noted above.
- The incentive payment will be capped at \$25,000. In the clinical departments, the incentive paid to any eligible non-clinical faculty member cannot exceed the highest incentive paid to a clinical faculty member with similar salary recovery
- This program will be conducted in a manner consistent with applicable personal income tax regulations and laws.
- Funding for the incentives may not come from extramural grants and contracts.

**Determining Faculty Productivity Incentive Payments**

Faculty effort can be divided into several areas, and all may be supported under this plan. The productivity incentive payment will be determined by the department using the following accounting strategy for faculty offset:

**1. Extramural Awards that provide salary support:**

- Federal funding that supports salary related to effort on the extramural award.
- Foundation or corporation funding that supports salary related to effort (e.g. American Heart Association, American Cancer Society) on the extramural award.
- An individual does not need to be the PI to receive credit for salary offsets from extramural awards.

**2. Extramural Awards that provide no salary support:**

- The faculty member must be the PI to receive credit for this activity.
- If the PI has \$350,000 - \$450,000 (direct costs) in such extramural research support per year, the productivity incentive payment will be determined by the department head and may be up to \$5,000.
- If the PI has >\$450,000 direct costs in such extramural research support per year, the productivity incentive payment will be determined by the department head and may be up to \$10,000.
- The PI for a training grant may qualify for an incentive payment of up to a maximum of \$10,000. Determination of payment amount will be by the department head and /or Dean depending on the type, scope and duration of the grant.
- Shared instrumentation grants may also be included.

### 3. Teaching/Administrative/Service Incentive Payments

- Using the effort accounting mechanism currently in place within the college, incentives can be earned for specific activities that support other non-clinical missions in the college. For example, if a faculty member assumes the directorship of a course identified by the department as particularly intensive of time and effort, or assumes a significant administrative role in the department, the relative value of that activity will be credited for salary offset. It will be the responsibility of each department to identify a specific course(s) and/or departmental service(s) to which this incentive applies, and how much each activity is worth in terms of percent effort. There is the expectation of consistency between departments. All plans related to these incentives must be reviewed and approved by the Dean's office in advance of implementation.
- Teaching may also be assigned specific percent effort. Examples related to credit for teaching would include hours of effort assigned to lectures, laboratory teaching, small group teaching or exam development. There is the expectation of consistency between departments. All plans related to these incentives must be reviewed and approved by the Dean's office in advance of implementation.
- Faculty who are 100% compensated by outside agencies that necessitate a University leave of absence will be eligible for an incentive payment of \$10,000 per NIH or NIH equivalent grant up to a maximum of \$35,000 if allowed per guidelines of the agency of employment. NB: this language was added and approved by the provost's office last year

Percent efforts from all areas are totaled to determine the percent salary offset of the full time faculty equivalent spent in activities that support the academic missions of the college. This calculation would be done yearly and shared in a blinded manner with the faculty members as a whole and then individually. Each department would have the ability to adjust the percent effort assigned to a task based on faculty consensus.

Enrichment payments would be determined by the department as follows:

- 50 - 59% - up to \$5,000 enrichment fund contribution
- 60 - 69% - up to \$10,000 enrichment fund contribution or lump sum payment
- 70 - 79% - up to \$15,000 enrichment fund contribution or lump sum payment
- 80 - 89% - up to \$20,000 enrichment fund contribution or lump sum payment
- 90% and above – up to \$25,000 enrichment fund contribution or lump sum payment

The individual faculty member may not make the determination of whether to receive an incentive as an enrichment fund contribution or lump sum incentive payment. The decision must be made by the department DEO. All expenditures from enrichment funds must conform to University policies and procedures.

The lump sum incentive payments or enrichment account deposits would be in addition to and unrelated to yearly merit salary increases. The productivity incentive payment would be given in early November based on attainment of the previous academic years' performance. Accordingly, productivity incentive payments will not be a permanent part of the faculty member's base salary for those who participate in this plan. (NB – this has been moved from a previous location in the original document but is not new language)

### **Eligibility Requirements**

The incentive payment program is applicable to tenure track non clinical faculty members having their primary appointment in any department or program of the Carver College of Medicine. Research track PhD may participate in this process provided the resources used for the incentive do not originate from General Education Funds or extramural grants and contracts.

In addition to the above requirements, a faculty member must be on the Carver College of Medicine payroll at the time incentive payments are made.

If a faculty member terminates employment with the Carver College of Medicine, they forfeit all rights and access to incentives earned or enrichment funds accumulated.

Faculty members in phased retirement will be eligible in year one of their phased retirement based on their performance in the previous fiscal year. Phased retirement participants will be excluded from participation in the incentive pay plan upon completion of the first year of their phased retirement. Emeritus faculty members will not be eligible for an incentive payment except during the first year of their emeritus status based on their performance in the previous fiscal year which is utilized for calculating the incentive payment amount.

### **Caveats and Operational Guidelines for Salary Adjustments**

Salary base shall be set at each level of appointment and reset at the time of promotion.

1. Base salary for tenured faculty members on the date this policy is approved will be set at the level of their salary as of March 11, 2015 except for that as noted below (those above current NIH salary cap).

2. The annual salary for a tenure track Assistant Professor will consist of a base component and a variable component. The base salary will consist of the full starting salary on the first day of appointment. Any raises obtained thereafter will be considered the variable (or "at risk") component. DEOs may guarantee annual salary throughout the probationary period in their offer letters. Upon promotion to Associate Professor, the base salary will be recalculated as the full salary issued on July 1 at the time of promotion. For faculty who extend their probationary period, the base salary at promotion and tenure will be the salary established at the end of year 6 (plus \$2,500).

3. The salary for a tenured Associate Professor (with a salary at or below the current NIH Cap, Executive Level II will consist of a base component and an at risk component.

4. Upon promotion to Professor, the base salary will be recalculated as the full salary issued on July 1 at the time of promotion. If it takes longer than 7 years for an Associate Professor to be promoted to Professor (the current median length to promotion), the base salary at the time of promotion will be that salary in effect at the end of year 6 (plus \$3,500). Any raises in salary obtained thereafter will constitute the at risk component of salary.

5. The salary for a Professor (with a salary at or below the current NIH Cap, Executive Level II,) will consist of a base component and an at risk component.

6. The salary for an Associate Professor or Professor with a salary above the current NIH Cap (Executive Level II) on the date this policy is approved will consist of a base component and at risk component. The base salary will be set on March 11, 2015 to \$181,500. The portion of salary above this amount on March 11, 2015 and any raises in salary obtained thereafter will constitute the at risk component of salary.

7. If NIH lowers the Salary Cap, the base salary for those affected faculty will be adjusted to the new Cap at the start of the next fiscal year or \$165,300 (Executive Level III) whichever is higher.

#### **Determining Faculty Productivity Salary Adjustments**

##### Provisions:

A. Faculty with effort distributions consistent with basic science research are expected to maintain salary support on grants at the following rate: 50% of total salary (up to the NIH Cap) in the basic science departments; or 80% of protected research time (up to the NIH Cap) in the clinical departments. This accounts for the difference in teaching obligations in the basic science departments. DEO-approved service assignments and/or support from endowed chairs that is used to offset salary will also count toward this effort. Those faculty members covering the indicated level of support will be eligible for Basic Science Incentive payments as noted above or in line with any approved departmental policy.

B. Faculty with effort distributions consistent with basic science research who do not recover the salary rates indicated in Provision A (up to the NIH Cap) are at risk for adjustments under the following general guidelines.

i. Failure to cover sufficient research and/or other paid effort can result in a 10% decrease in total salary per year until the base is reached.

ii. Faculty who do not recover the salary rates indicated in Provision A may also agree to reduce their research time by increasing their teaching, service and/or administration.

- iii. Faculty members who lag behind departmental salary recovery expectations may be considered to be ineligible for annual raises.
- iv. Adjustments would only occur after a 2 year grace period has elapsed to provide the opportunity to establish or re-establish extramural support.
- C. With DEO approval, enrichment funds obtained through the incentive portion of this compensation plan or from any other source can be banked for future use to support the salary requirements indicated in Provision A. These funds may be required to support salary after the grace period and may delay the time at which salary reductions are scheduled to occur.
- D. Faculty who receive salary adjustments but then re-establish sufficient funding as indicated in Provision A may be granted a return to the former base + at-risk salary.
- E. All faculty will undergo annual post-tenure review and 5-year peer review. Faculty determined to have insufficient salary support to guarantee protected time for effort distribution consistent with basic science research may be requested to change his/her effort distribution. Faculty unable or unwilling to change their effort distribution may be subject to a salary adjustment as indicated in section B(i).
- F. Faculty deemed to be performing below departmental standards and unable to remediate performance following the remediation plan established by the department and approved by the Dean may be subject to further alterations in their effort distribution or disciplinary action.
- G. All increases in salary for faculty offered a retention package will be considered part of the at-risk portion.