DRAFT 3/23/09

FACULTY COMPENSATION PLAN
THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER
AT SAN ANTONIO
SCHOOL OF MEDICINE
PREFACE

This School of Medicine (SOM) Compensation Plan has been developed to offer the SOM faculty of the University of Texas Health Science Center at San Antonio a clear and transparent system of relationships regarding compensation/salary, faculty productivity and faculty commitment to the SOM and institutional missions. This plan is the result of a collaborative effort between the faculty and the administration of the SOM.

The overarching goals and guidelines regarding SOM compensation that should be considered for each department, center, or institute in establishing and implementing faculty compensation are addressed in the first part of the document. It is recognized, however, that the unique characteristics of the individual departments, centers, and institutes requires the development and implementation of compensation policies and procedures specific to individual academic units of the SOM. Issues establishing transparency and fairness regarding specific salary components are also addressed. Salary components include base salary and incentives. Base salary is made up of a core salary to which all faculty at each rank are entitled plus a specialty-associated salary—that which is earned due to specific training or skills. Base salary will be determined on pre-specified metrics tied to each faculty member’s annual performance review. Incentive salary is compensation based on pre-defined achievements in areas such as clinical productivity, administrative commitments, research, and/or teaching efforts. It is the goal of this plan that all faculty would have the opportunity to receive incentive salary based on achieving defined benchmarks in these areas. It is understood that a SOM-specific plan will be written, approved, and implemented as a joint effort between the faculty and administration, with broad input from all parties concerned. The SOM plan must also be consistent with UT Board of Regents Rules and Regulations and thus require approval by the Executive Vice Chancellor for Health Affairs. Academic-unit specific plans will also be developed and implemented that are consistent with SOM and UTHSCSA guidelines.
SCHOOL OF MEDICINE FACULTY COMPENSATION PLAN

A. OVER-ARCHING GOALS AND GUIDING PRINCIPLES

The foundation of the Compensation Plan for the School of Medicine (SOM) faculty of The University of Texas Health Science Center at San Antonio reflects ten overarching guiding principles. Guidelines and policies for establishing faculty compensation criteria will be consistent with the Regents’ Rules and will:

1. Be consistent with and support the missions of the institution. The missions of The University of Texas Health Science Center at San Antonio are to:

   - Educate a diverse student body to become excellent health care providers and scientists.
   - Engage in biomedical research focused on seeking information fundamental to the prevention, diagnosis and treatment of disease.
   - Provide compassionate and culturally competent state-of-the-art clinical care
   - Enhance community health awareness, education and practices thereby improving the wellness of the citizenry.

Achieving and sustaining national prominence by demonstrating excellence in the UTHSCSA’s missions requires the recruitment and retention of outstanding faculty. Attracting and retaining outstanding faculty requires, among other things, compensation that (a) compares favorably to that found at similar institutions of higher education across the nation and (b) incentivizes its faculty and their academic units towards excellence. Moreover, providing appropriate compensation for work performed is an essential factor in establishing a healthy relationship between the faculty and the administration that leads to improved faculty morale and, therefore, maximum faculty commitment to the missions of the university.

2. Be equitable, transparent, unambiguous and consistent with the standards of academic freedom that are essential to any distinguished university.

3. Assure that guidelines provide transparency and fairness with regard to issues of compensation for all faculty.

4. Establish clear, understandable associations between the compensation that a faculty member receives from the SOM and their (a) rank and tenure and (b) productivity and contributions made to the missions of the SOM.

5. Take into consideration market forces and issues of SOM “affordability”. However, criteria for determining fair and appropriate compensation for faculty should not be based on the unlikely scenario of financial exigency of the institution. Rather, it should be considered with regard to realistic individual needs of faculty members within the context of a “normal” university fiscal climate.
6. The annual Memorandum of Appointment (MOA) provided to each family member should specify salary components clearly and be distributed in a timely way according to the time table specified by the Regents’ Rules.

7. Guarantee accountability by both the faculty and the administration.

8. Allow decisions made under this plan to be challenged by a faculty member using established grievance policies and procedures published in the UTHSCSA Handbook of Operating Procedures. Furthermore, a UTHSCSA Faculty Compensation Advisory Committee will provide guidance and advice to the President, deans, chairs and faculty. The department chair will notify a faculty member in writing regarding a reduction in base salary no less than sixty days prior to the beginning of each academic year. Faculty have the right to dispute levels of compensation according to policies published in the Handbook of Operating Procedures.

9. Not constitute a contract or grant any rights beyond which any person is already entitled.

10. Provide appropriate incentives for outstanding performance and excellence.

B. GENERAL GUIDELINES FOR SOM FACULTY COMPENSATION

The SOM Dean in consultation with the chairs and the SOM faculty governance organization (i.e., Medical Faculty Assembly), should submit the SOM Compensation Plan to the institutional Executive Committee for approval. Once approved, the SOM plan will be submitted to the UTHSCSA President for approval, who will in turn submit it to the UT System for approval by the Executive Vice Chancellor for Health Affairs.

1. Salary components.

   Base salary = Core salary (X) + Specialty-associated salary (Y)
   Total compensation = Base salary (X+Y) + Incentive payments (Z)

   a. Core Salary. Core salary is the minimum salary that a tenured faculty member could receive under circumstances short of financial exigency of the institution. Core salary is not intended to be payment for an academic title but rather for contributions in support of the UTHSCSA’s mission.

      An equivalent core salary will be established for non-tenured and clinical track faculty by rank although it is recognized that for non-tenured faculty this salary is guaranteed only for the term of current appointment.

      The core salaries of SOM faculty shall be calculated using a clearly and publicly described processes and on documentable compensation information for those ranks. Core salaries will be internally equitable and externally competitive with salaries at similar institutions.
of higher education. Salary information can be obtained using national academic health center survey data provided by the major scientific/educational organizations that represent a school’s faculty, such as the Association of American Medical Colleges (AAMC). The core salary (“X” component of compensation) should not be less than 70% of the appropriate national median non-specialty associated compensation for assistant professors, associate professors and professors as well as be affordable to the SOM. (Please see APPENDIX 1 for an example of Medical and Graduate School compensation).

Recommended Core (‘X” component) salaries in 2008 are:
Assistant Professor: $57,000  
Associate Professor: $71,000  
Professor: $104,000

Justification and affordability of core salary will be re-assessed and provided every biennium. The core salary for each faculty member is specified for the period of his/her Memorandum of Appointment and cannot be changed without approval by the UTHSCSA President.

b. Specialty-associated Salary. Specialty-associated salary is dependent on funding streams and activities that may not be generally available to all members of the SOM faculty. That is, these specialty areas or disciplines are aligned with some, but not all SOM departments, centers or institutes, are based on the terminal professional degrees, and reflect activities and responsibilities of their faculty. Moreover, the particular missions of each of the SOM departments, centers or institutes will dictate bench-marks for success in teaching, research, clinical and administrative service. Therefore, each department will be responsible for identifying and specifying that portion of each faculty member’s salary represented as specialty-specific with regard to contributions towards the missions of the school and university.

The specialty-associated salary component for faculty should be proposed annually by department chairs or center/institute directors. Levels of specialty-associated salary will be based upon a faculty member’s performance, the availability of funds to support the faculty member’s specialty-associated salary, and the department’s and school’s fiscal circumstances. That is, the specialty-associated salary component may increase, decrease or remain the same in successive years depending on, and linked to, whether a faculty member’s performance of assigned duties and responsibilities meets the expectations outlined in previous annual performance evaluations, including, but not limited to, the obtaining of research grants and contracts, professional achievements, administrative and teaching responsibilities, and fees billed and collected for professional services.

Base salary (core salary “X” + specialty-associated salary “Y”) for Assistant Professors, Associate Professors and Professors should be targeted to a minimum of 70% of the median salary for special-associated national metrics (such as those published by the AAMC). It is expected that these metrics will be phased in to achieve those salary targets by the third year of appointment at each rank. Deviations from those targets should be
based on affordability to the department, available funding streams, and the successful completion of specialty-association metrics, as established by each department.

The specialty-associated salary component may include salary associated with assigned administrative positions, such as department chairs, division chiefs, or center/institute directors. The specialty-associated salary may include an “administrative stipend” associated with these assigned administrative responsibilities, and it is discretionary and without term. The administrative stipend is to be proposed annually by the appropriate Executive Committee member for approval by the President, concomitant with the period of the Memorandum of Appointment, which should clearly stipulate the conditions of the administrative stipend. The administrative stipend portion of specialty-associated salary ceases upon relinquishing the associated administrative responsibilities.

Base salary (core salary plus specialty-associated salary) will be established annually from predetermined performance criteria and review by the academic unit head. The factors that determine base salary may include, but are not limited to: (1) time of service, academic rank, and/or training, (2) productivity (including clinical activity, administrative service, research, and educational efforts), (3) clinical and other mission specific needs, (4) cost of living adjustments, (5) extenuating circumstances for individual faculty, and (6) available funding streams.

Although it is recognized that base salary will be negotiated and established annually, increases or decreases in base salary will be determined by the faculty member’s performance review. Increases in base salary will be determined by successful completion of productivity metrics and available funding streams. Reductions in base salary can only occur in the failure to meet pre-defined performance metrics or due to the absence of available funding streams. Individual reductions in base salary of more than 15% will require clear justification based on lack of performance and will automatically initiate review by the SOM Dean.

c. Incentive Payments. The SOM dean will work with each department chair, center and institute director to develop an incentive plan that clearly describes (1) objectives and specified goals, (2) sources of funds that would support the plan, and (3) levels of approval necessary to implement the plan (i.e., appropriate dean or vice president, the UTHSCSA President, or UT System level approval). Generally, these salary supplements are non-recurring merit payments for exceptional productivity, accomplishments or commitment. Such accomplishments may be associated with teaching, service, clinical, or research activities and may reflect collective productivity achieved by the department, center, research or clinical unit, or product line team. These achievements should be based on pre-defined productivity criteria in order to make clear to faculty the exact nature of accomplishments or productivity required for this incentive portion of salary and by what mechanism such payments would be made to the faculty.

Incentive plans should encourage the following:
- Clinical performance that generates enhanced clinical revenue or meets critical practice plan needs in alignment with the incentive plans of the Faculty Practice Plan
- Research or scholarly activity that generates external funding that can be used for compensation
- Administrative performance which results in enhanced revenue or cost savings that result in a positive operating margin
- Endeavors (i.e., royalties, licensing agreements, etc) that provide new revenue to the university
- Other activities that further the missions of the university and the SOM, including teaching and education

Incentive plans shall include and adhere to the following guidelines:

- Department profitability (i.e., funding of incentive payments should be made from positive margins).
- If the Department does not have a positive margin, payments may still be approved by the President and the Dean if sufficient department funds exist and significant progress has been achieved by the department towards reaching a break-even status.
- Incentive payments are linked to a positive fiscal status of a department/university and there is no guarantee for future commitment.
- Metrics will be defined by each Department which may include, but are not limited to:
  - wRVU’s
  - Clinical charges/revenue/collections
  - Other clinical productivity measures/benchmarks
  - Research funding objectives
  - Scholarly productivity measures/benchmarks
  - Cost savings and enhanced efficiency
  - Other revenue enhancing activity

Plans should also recognize teaching and educational efforts and use available funds to incentivize those faculty who perform outstanding and extraordinary accomplishments in teaching, using predefined metrics for those incentive goals.

Incentives may acknowledge significant new revenue and cost savings to an academic unit that benefits both the faculty member and the faculty member’s department within his/her school. Each department, center or institute within each school should provide a list of explicitly described accomplishments that would result in salary augmentation with incentive payments for individual faculty members and those achieved as a unit as a whole.

Incentives based on productivity or achievements should target a minimum of 5% of faculty salary in the first year of implementation with a target of 30% of total faculty
compensation depending on revenue streams. It is recognized that these incentives are based on achieving agreed metrics and may not be available in subsequent years. Funding for this component of salary should be established by each department based on funds available in an incentive revenue pool.

While new revenue and cost savings are desirable, there are goals to which the institution should also aspire that would not necessarily be of direct financial benefit to the institution (or academic unit). Faculty salary incentives for exceptional scholarly accomplishments that bring increased prestige to the SOM or results in advances to the SOM can also be awarded. UTHSCSA or school leadership (i.e., deans and department chairs) may nominate faculty members to receive such augmented salary payments based on a pay scale determined by the school and approved by the institutional Executive Committee.

Examples of such accomplishments could include, but are not limited to:

- Major National/International Award – Nobel Prize, Medal of Science, etc.
- Election to the National Academy of Sciences/Institute of Medicine or equivalent
- Special recognition by a national/international scientific or clinical organization.
- Election to the UT System Teachers Academy
- Receiving a target number of major research grants
- Service to the institution or school resulting in a truly ‘transformative’ positive change.

Any incentive payment made by the University is subject to all applicable salary deductions (e.g., FICA, federal taxes), and must be reported to the IRS as salary and wages. Depending on the date of the faculty member’s hire, state and/or federal law may impose a cap on the amount of salary and wages that can be counted as creditable compensation for calculating retirement benefits.

2. Department, Center, or Institute compensation plan objectives.

Compensation Plans will be developed by each Department, Center or Institute. These plans will be approved by the Dean and Associate Dean of Finance of the SOM, and are subject to review by the Office of Legal Affairs when indicated. Each plan will be consistent with the overall Compensation of the SOM but will be individualized to meet specific needs and unique requirements of each Department, Center or Institute. The individual academic unit compensation plans will strive to achieve the following objectives:

a. **Identifies all sources of funding available for supporting faculty compensation.** This includes all sources of state funds as well as clinical and research revenue generated within a faculty member’s scope of duties within his/her school, but excludes honoraria for seminars, study section work, service on professional boards, consulting with private academic and federal entities, and special prizes for noteworthy accomplishments, as defined in the Faculty Practice Plan By-laws and the Regent’s Rules. SOM faculty member activities and commitments will be consistent with the time and effort practices and policies of the UTHSCSA and will adhere to regulations for avoiding conflict of
commitment and conflict of interest consistent with the Regents’ Rules, the UTHSCSA Handbook of Operating Procedures and the Practice Plan Bylaws.

b. Aligns with the fiscal year of the University and the University of Texas System.

c. Uses clear, transparent, and unambiguous language when defining components of salary and for describing mechanisms of implementation associated with the Compensation Plan.

d. Specifies “core” compensation and documentable salary rates that are comparable to those found at similar institutions of higher education.

e. Encourages and rewards scholarly teaching, clinical service, and research, and ensures fairness and consistency among its faculty members.

f. Provides a mechanism for annual performance evaluations of each faculty member in relation to departmental, school and institutional goals and objectives.

g. Provides clearly defined incentives to increase scholarly productivity and accomplishments, as well as significant cost savings by the institution or school.

h. Considers strategies that are consistent with the strengthening of the fiscal position of the departments, practice plans, and the university as a whole.

i. Provides mechanisms for appropriately responding to natural cycles in faculty productivity. As examples, this could include bridge funding, as well as opportunities for re-assignment.

j. Defines circumstances in which a member of the faculty can be deemed non-productive due to his/her failure to achieve pre-determined expectations, provides guidelines for reducing salary, and establishes mechanisms for remediating non-performance. Such guidelines must be written in clear and explicit language that describes a fair and transparent process consistent with Handbook of Operating Procedures policies that dictate due process.

k. Provides mechanisms that allow a faculty member to dispute decisions made with regard to compensation. Such mechanisms must be consistent with policies described by the Handbook of Operating Procedures regarding faculty grievance.

l. Establishes a working relationship with the Faculty Compensation Advisory Committee that ensures free and timely communication between the Faculty Compensation Advisory Committee and the dean, as well as with the UTHSCSA Office of the President, regarding issues of faculty compensation

m. Considers and defines the impact that the plan might have on compensation benefits to which an employee is otherwise entitled.
C. FACULTY COMPENSATION ADVISORY COMMITTEE

A Faculty Compensation Advisory Committee is to be established by the UTHSCSA with its mission described in the UTHSCSA *Handbook of Operating Procedures*. The Faculty Compensation Advisory Committee, whose membership represents all UTHSCSA schools, is to be charged as an advisory group that makes advice and recommendations available to the deans, chairs, faculty and to the UTHSCSA President concerning issues related to faculty compensation.
SOM FACULTY COMPENSATION TASK FORCE.

A task force consisting of SOM faculty and staff held 7 face-to-face meetings from November 19, 2008 through February 11, 2009. Additionally, individual task force members held discussions with faculty and administrators from their respective departments.

CHAIR:
Thomas F. Patterson, MD
Professor
Department of Medicine/Infectious Diseases
School of Medicine

MEMBERS:
Deborah Conway, MD
Associate Professor
Obstetrics and Gynecology/Reproductive and Fetal Medicine

Richard Lange, MD, MBA
Professor
Executive Vice Chair, Department of Medicine

Merry Lindsey, PhD
Assistant Professor
Department of Medicine/Cardiology

David Raney, MBA
Chief Administrative Officer
Cancer Therapy and Research Center

V. Seenu Reddy, MD, MBA
Assistant Professor
Department of Surgery/Cardiothoracic Surgery
APPENDIX 1.

Summary Statistics on Medical School Faculty Compensation for All Schools. Ph.D. or Other Doctoral Degree, Basic Science Departments/Specialties. Total Compensation in Thousands of Dollars

BASIC SCIENCE – TOTAL ALL DEPARTMENTS/SPECIALTIES

<table>
<thead>
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<th></th>
<th>Instructor</th>
<th>Assistant Professor</th>
<th>Associate Professor</th>
<th>Professor</th>
<th>Chief</th>
<th>Chair</th>
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<tbody>
<tr>
<td>Count</td>
<td>554</td>
<td>3,703</td>
<td>2,778</td>
<td>4,129</td>
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<td>528</td>
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<td>69</td>
<td>90</td>
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<td>75th:</td>
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<td>93</td>
<td>118</td>
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<td>Mean:</td>
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<td>82.3</td>
<td>105.8</td>
<td>157.6</td>
<td>200.9</td>
<td>238.7</td>
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70% Median:  57.4  71.4  103.6