

Clinical Faculty Remuneration Policy

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Applies to:

Clinical faculty in the School of Medicine who have dual employment with the University of Virginia and the Health Services Foundation.

Background

The School of Medicine Faculty Practice Plan, as approved by the Board of Visitors of the University of Virginia in 1990 and revised in 1998, provides the rules and guidelines to compensate the clinical faculty who work in the University of Virginia Health System and its affiliated clinical facilities. This practice plan currently allows remuneration through two components: a negotiated salary and an incentive payment. The School of Medicine (SOM) and the Health Services Foundation (HSF) jointly guarantee payment of the negotiated salary by annual contracts with members of the clinical faculty.

Policy Statement

Eligibility

All full-time and part-time members of the clinical faculty – whether tenured, tenure-track, or non-tenure-track – who have dual employment with the University of Virginia and the Health Services Foundation, are included in this plan. Any faculty member who is eligible to receive incentive plan payments paid through the Health Services Foundation is an eligible candidate for faculty remuneration.

Calculation of Remuneration

The Remuneration Profile provides the format for the revenue and expense statement that the department business manager prepares annually under the supervision and direction of the chair of the department. Information should be derived from central sources (the Dean's Office, HSF, the Medical Center) to the greatest degree possible. It is essential that these reports are consistent with accounting statements produced by the University of Virginia, the Health Services Foundation, and the School of Medicine.

The department will complete the Remuneration Profile based on the prior year's actual results, the current fiscal year's plan, and the next fiscal year's plan. If the current year's forecast varies by 10% or more from the plan, the current year's forecast is also required. After the Health Services Foundation end-of-year results are available, the department will complete the worksheet by including these data.

The chair will review each faculty member's Remuneration Profile with him or her by June 30. The chair will present his or her recommendations of negotiated salaries, as determined by institutional guidelines, with the supporting documentation, to the Dean for discussion and approval according to the School of Medicine Faculty Salary Policy. The deadline stated in the Faculty Salary Policy is critical, as no action will be taken on recommendations submitted after the deadline. The chair will discuss each faculty member's salary adjustment after receiving confirmation from the Dean's Office of what action will be taken.

Salary

The negotiated salary for all clinical faculty consists of two portions. The base salary provides a base level of compensation for general participation in the institution's clinical, teaching, research, and administrative activities. The base salary defines the institution's minimal financial responsibility to each member of the clinical faculty, assuming a minimally acceptable level of productivity. Refer to the University of Virginia Budget Office web page for base salary level for each academic rank, <http://www.virginia.edu/~budget/entry.doc.html>. These amounts may be adjusted from time to time through mutual concurrence of the Vice President and Dean and the Vice President and Provost.

An additional variable salary may be paid to clinical faculty. The sum of the base salary and the variable salary will be the negotiated salary. Fringe benefits (e.g., health insurance, retirement, life insurance, etc.) are calculated on the basis of the negotiated salary to the extent permitted by law.

The University of Virginia Health System will guarantee the negotiated salary for an initial period of 36 months for each new faculty member. Subsequently, the negotiated salary will be reviewed annually. The negotiated salary will be based

on the financial results of the prior 12 months, and it should be set no higher than the 60th percentile of the AAMC Faculty Salary Survey data, by rank and specialty.

A faculty member's negotiated salary may be reduced if his or her annual revenue sources are less than his or her assignable expenses. Ordinarily, reductions in salary will not exceed 10% per year. Reductions that exceed this amount may occur if there is a significant change in funding or responsibilities. The Vice President and Dean must approve the salary reduction prior to its submission to the Vice President and Provost.

Incentives

A faculty member whose annual revenue sources exceed his or her assignable expenses may receive an incentive plan distribution, provided that his or her department ends the fiscal year with a positive financial balance. Total annual compensation, i.e., the negotiated salary and incentive combined, should not exceed 2.5 times the 60th AAMC percentile for the faculty's department, rank, and, if appropriate, specialty. All requirements of the 1990 Faculty Practice Plan document must be met in determining these distributions. Revenue sources include clinical earnings, faculty salary support derived from grants, sponsored programs indirect costs earned by the faculty member for the department, endowed chair support, and institutional funds for education, administration, and management. Assignable expenses include the negotiated salary, fringe benefits, support staff, telecommunications, liability insurance, travel, and all other allocated overhead costs. The number of years on the faculty or prior levels of compensation are irrelevant in the compensation calculation.

The chair must make the faculty member aware of the methodology and the information used to determine the compensation decision. Only faculty who are employed by UVA and HSF at the time incentives are distributed may receive an incentive distribution. Faculty who have left the employ of UVA and HSF are not eligible for incentive payments. Any exception must be approved by the department chair and the dean prior to the termination of the faculty member's employment at UVA and HSF.

Allotments

The Institutional Funding Plan outlines the allotments given to certain faculty for specific functions or tasks. These allotments should be considered revenue for the faculty member and listed under the headings of "Education" and "Administration and Management" on the revenue detail worksheet.

Temporary Support

Temporary support should be categorized separately to show amounts given by a chair to provide temporary financial support for a faculty member. The assignment of temporary support recognizes the faculty member's effort that cannot be quantified through existing revenue streams. Examples include start-up phases for new faculty, retraining, career reorientation, illness, and development of teaching materials.

All allocations of temporary support must be able to stand the test of reasonableness and must always be used to support activities that are aligned with the goals and mission of the department and the institution. Temporary support will not be authorized simply to sustain the compensation level of any member of the faculty.

Non-Revenue Generating Activity

Chairs have the authority to attribute revenue to faculty in recognition of their contributions to non-revenue generating activities that are vital to the mission of the department and institution (teaching, indigent patient care, working in outpatient clinics which frees time for other faculty to engage in more lucrative activities, assuming departmental administrative and other leadership responsibilities). It is mandatory that the value placed on these non-revenue generating activities and the duration of the support be reported and documented clearly on an annual basis.

Departmental Support

Departmental support to a faculty member for professional meetings, travel, subscription, dues, tuition, books, and entertainment is limited to a maximum of 5% of the faculty member's negotiated salary. The sum of this expense allowance within the department is inclusive of all similar expenses paid on behalf of students, housestaff, departmental classified employees, and department social functions. Departmental support funds exclude grants and gift accounts, but include any other sources. The chair is responsible for ensuring adherence to this policy.

Allocation of Overhead

Allocations of departmental, divisional, and other overhead costs must be determined. In all cases, the assignment of these costs should be based on each faculty member's measured use of these resources. Secretarial support can be assigned on an individual basis. Departmental overhead allocations or clinical cost allocations may be based on a reasonable formula. Across-the-board allocations, which assign the same amount of overhead to all faculty, are not acceptable unless satisfactory justification is provided.

Related Policies

School of Medicine Policy and Guidelines Regarding Professional Fees Charged to Law Firms

<http://www.healthsystem.virginia.edu/internet/som-fhbook/updates.cfm>

External Consulting and Professional Activities

<https://www.healthsystem.virginia.edu/opr/manuals/som/External-Consulting-and-Professional-Activites-March-2008.pdf>

Salary Support Expectations for Faculty

[https://www.healthsystem.virginia.edu/opr/manuals/som/Salary-Support-Expectations-for-Faculty-\(3-13-07\).pdf](https://www.healthsystem.virginia.edu/opr/manuals/som/Salary-Support-Expectations-for-Faculty-(3-13-07).pdf)

Salary Adjustment

<https://www.healthsystem.virginia.edu/opr/manuals/som/Salary-Adjustment-May-2007.pdf>

Next Scheduled Review: February 2008

Revision history:

Policy implemented October 22, 2001

Revised September 12, 2003; February 11, 2005; August 21, 2006