

**UNC-CH School of Medicine
BASIC SCIENCE FACULTY COMPENSATION PLAN**

2009 Revision

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

Compensation of basic science department faculty in the School of Medicine at the University of North Carolina at Chapel Hill was previously defined as a single component annual salary. Salary modifications were implemented only on an annual basis, and although warranted salary adjustments were possible as funding sources changed, they were accomplished with difficulty. Although this compensation approach may be appropriate in much of the state system where the bulk of the compensation comes from state-appropriated funds, a large fraction of the salary for basic science department faculty in the School of Medicine is derived from alternative sources, primarily extramural research grants. The goal of this plan is to allow faculty members to be appropriately rewarded for their activities using a multi-component system, while maintaining fiscally sound policies in their respective departments. Similarly, this plan should serve as a tool to encourage faculty productivity by allowing for decreases in compensation where faculty members fall short of stated expectations.

The outstanding faculty of the School of Medicine is a significant asset to the State of North Carolina. They educate our future physicians, researchers and teachers. They bring luster to the State and international recognition through their work. This plan provides a tangible mechanism for recognizing and rewarding the extra efforts they contribute to all of the School's missions.

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

SUMMARY

Each faculty member will have a total annual salary recommended by the department chair to the Dean of the School of Medicine each fiscal year. It will consist of (1) the base salary and (2) a variable component, which together comprise the total annual salary. The total annual salary may increase or decrease from year to year based on the individual's productivity and excellence in teaching, research, and service, and shall be consistent with Board of Governor's salary policies. The actual funding sources used to pay these components of a faculty member's total compensation in any given year may vary over time.

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

Base salary. The base salary will be set by the Chair annually or when a faculty member is hired. There is a floor base salary below which no faculty member's compensation can fall. This floor base salary will be set uniformly by academic rank throughout the basic science faculty, and will be adjusted not more frequently than annually but at least every three years based in part on changes in state EPA salary dollars provided to the departments during that time. Recommended adjustments will be forwarded by the Dean, School of Medicine, through the University and UNC System leadership to the Board of Governors for approval.

Increases in this salary component for an entire department in any given fiscal year will not exceed the amount of increase in state EPA salary funds for that year. As is currently the case, the increase in EPA state funds can be allocated by the chair in the best interests of the department and consistent with sound fiscal policy. Faculty can also expect an increase in their base salary following promotion to the rank of Associate Professor and to Professor, subject to availability of funds.

Variable Component. Excellence in teaching, research, and service (at the University, state and national level) is expected from all faculty members. However, in recognition of exceptional performance in these areas, faculty can be further rewarded by a variable salary component. The amount of the variable component will take into account the overall excellence of the faculty member in teaching, research, and service as well as the financial circumstances of the department. Excellence in teaching or service can take many different forms; for example in recognition of teaching awards, outstanding service as course director, director of graduate studies, director of core facilities, or distinction at the state and national level. Faculty who serve as directors of centers or institutes internal to the School, division chiefs, or department chairs will be eligible for a variable component enhancement in their administrative supplements for such service, under criteria and procedures developed and administered by the Office of the Dean.

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

Salary Adjustments:

As with all salary adjustments, the Department Chair determines the salary adjustment each year, based on available funds and the performance of the faculty member. Annual adjustments to the salary will be recommended by the chair in consultation with the faculty member. The total annual salary can be adjusted upward reflecting changes in grant funding, teaching performance, and other responsibilities.

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

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

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

All faculty members will have the right to appeal salary decisions to the School of Medicine Faculty Salary Equity Committee, as well as access to all generally available University faculty grievance mechanisms.

Departmental Implementation Plans:

The Chair will be responsible for filing with the Dean in advance of the beginning of each fiscal year the current version of the department's specific approach to implementing the compensation arrangements authorized by this plan. Each departmental implementation plan will spell out in reasonable detail the criteria, including targets for external salary support, to be followed in establishing individual faculty members' total projected annual salary. The Chair will inform the department's faculty in writing of these criteria and methodologies on an annual basis.

Definitions:

Base salary: salary that will be considered the "set salary," guaranteed for a fiscal year. Increases in the base salary for an entire department will be limited by the amount of the increases in state funds received by the department each year.

Variable component: component of salary that can vary from year to year; the amount of this component will be negotiated with the chair each year, based on performance.

Annual total salary: The sum of the base salary and the variable component.

Floor base salary: The minimum salary for each rank.