


June 9, 2020

To: Academic Senate
University of California, Riverside

From: Deborah Deas, MD, MPH 
Dean, UCR School of Medicine

Via: Ameae Walker, VPAP
University of California, Riverside

RE: Additional Recommended Changes to SOM HSCP

We are submitting for your approval a final copy of the implementation procedures for the Health Sciences Compensation Plan (HSCP) with additional changes requested by OGC.

After their review, the Office of General Counsel held their approval of the draft Comp Plan, requiring further changes to Section V. Compensation. OGC specifically requested more clarification to the language as to what constitutes clinical revenue and further recommended review and input from outside counsel with specialized knowledge and experience in drafting physician compensation plans. At the recommendation of OGC, the School of Medicine engaged the firm Morgan, Lewis & Brockous, LLP, to review Section V and to address OGC's concerns. The Health Sciences Compensation Plan Advisory Committee worked together with outside counsel, Campus Counsel, SOM Compliance to make the additional recommended changes to the plan. Key changes were clarifying that clinical revenue is only that which is derived from a physician's personally performed clinical services and excludes billing for ancillary services. Also, organizational changes were made to clarify the range of the APU scale and to better describe the X and X' and Y salary components. OGC reviewed the draft Plan with redline edits made by outside counsel and the SOM stakeholders and approved the changes.

The proposed additional changes were then reviewed and approved by SOM faculty and by the SOM Faculty Executive Committee (FEC).



**IMPLEMENTING PROCEDURES
FOR THE
HEALTH SCIENCES
COMPENSATION PLAN
(HSCP)**

APPROVED: MAY 19, 2015

EFFECTIVE: JULY 1, 2018

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**UNIVERSITY OF CALIFORNIA, RIVERSIDE
SCHOOL OF MEDICINE
IMPLEMENTING PROCEDURES
FOR THE
HEALTH SCIENCES COMPENSATION PLAN
Date Approved: 5/19/2015
Effective Date: 7/1/2015**

INTRODUCTION

Overview and Philosophy

Health Sciences education occupies a special place in American higher education with unique functions and responsibilities. In health sciences 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 medicine, dentistry, nursing, pharmacy, and other health science education as well, clinical teaching is integrated with basic and applied research. In joining the University of California system as its sixth and newest School of Medicine, the University of California at Riverside is committed to this same excellence in instruction, research, and public service in the health sciences just as it is committed to the same goals in other academic disciplines. Health science faculty members are expected to act as professional role models for all. 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 and at our UCR School of Medicine, special effort must be exerted to recruit and retain the best and most dedicated faculty.

The University of California Health Sciences Compensation Plans were established over the years to provide for quality across academic programs in the health sciences disciplines. These health sciences compensation plans must 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 or the President's designee.

Health sciences compensation plans must be clear and justify calculation of compensation and contain a mechanism for impartial review to protect the rights of individual faculty.

The Health Sciences Compensation Plan 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 may be amended or repealed at any time by the President, following consultation

with the Health Sciences Chancellors, Deans and appropriate Academic Senate Committee(s).

The implementation, administration and continued operation of this UCR School of Medicine Implementing Plan shall be, and is 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.

I. PURPOSE

The purpose of the UCR School of Medicine Implementing Procedures for the Health Sciences Compensation Plan (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 this Plan are:

- A. To provide sufficient non-State resources to recruit and retain outstanding health sciences faculty
- B. To encourage a balance among teaching, research, and service activities (including clinical practice) of the quality required in the University of California
- C. To provide teaching, patient care and research incentives that encourage and recognize academic merit as well as generation of income
- D. To offer consistent benefits and privileges to UCR Plan participants, consistent with other health sciences faculty and schools at all University of California campuses
- E. To benefit the UCR School of Medicine by providing academic and research support funds in addition to State-appropriated funds.

In adopting these Implementing Procedures, the faculty and administration of the School of Medicine at UCR affirm the philosophy and goals as outlined above and which are also included in the Regents' Plan.

Consistent with the Plan, this UCR School of Medicine Implementing Plan has been developed to foster academic balance among the joint responsibilities of teaching, research, and service activities (including clinical practice). This document constitutes the Implementing Plan and Procedures for the UCR School of Medicine.

II. REVIEW AND APPROVAL RESPONSIBILITY

A. 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 of the President, The Regents may amend or repeal the entire Plan or any portion thereof.

The President or the President's designee shall review Implementing Procedures for the school which has elected to participate in the Plan.

The President shall report to The Regents total compensation for any Plan participant which is greater than four times the highest step on the Professor Series Fiscal Year Salary Scale.

B. Role of the Chancellor

The Chancellor shall have operational authority over the development and, subsequent to review and approval by the President or the President's designee, implementation and monitoring of the School Implementing Procedures for administration of this Plan.

The Chancellor shall be responsible for assuring that affected Plan participants and the appropriate Academic Senate committees shall be afforded the opportunity to review and comment on the proposed campus implementing procedures. The Chancellor also shall approve individual exceptions to the provisions of this Plan to meet special teaching, research or clinical service requirements.

C. Role of the Academic Senate

The President shall consult with the appropriate Academic Senate committee(s) concerning proposed revisions of this Plan.

The UCR Academic Senate and other committee(s) shall be provided the opportunity to review and comment on any proposed exceptions to the School Implementing Procedures which the Chancellor intends to submit to the President or the President's designee for review.

D. Role of the Advisory Committee

A school-specific Advisory Committee which includes Senate and non-Senate faculty members representative of the disciplines and faculty series participating in the Plan shall be established to assist the Dean in resolving the issues that may arise from implementing the Plan.

The Committee assists in assuring compliance with and resolving issues on outside professional activities, conflict of interest, and conflict of commitment. The Committee also reviews the submissions of individual division or unit Implementing Procedures, when such plans may be developed for the UCR School of Medicine.

The Advisory Committee will consist of a minimum of six voting members, all of whom must hold faculty appointments and must be Plan Participants in good standing. No more than 50% of the voting members will be appointed by the Dean, and the remaining voting members of the Advisory Committee are elected by Plan members. At least one voting member should be in the Division of Biomedical Sciences and one member in the Division of Clinical Sciences. The Dean's appointed members should assure diverse representation. The terms of service will be three years; elected members may be re-elected for one additional consecutive term. The Senior Associate Dean for Finance and Administration and the Chief Privacy, Risk and Compliance Officer will serve as non-voting ex officio members of the Advisory Committee. The Dean will appoint the Chair.

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

- Development of the school Implementing Procedures, including the establishment of Good Standing Criteria, Academic Programmatic Unit (APU) assignments, and APU Scales.
- Divisional Implementing Procedures (when initiated) including methods for obtaining faculty input and for determining consistency with School Implementing Procedures.
- Review of potential conflicts between a Plan participant's commitment to generating revenue within the Plan and his or her outside professional activities.
- Review of faculty member appeals regarding implementing and administering the Plan that are not resolved at the Division or school levels or are submitted to the Advisory Committee as a result of a determination of loss of Good Standing. Academic Senate members may pursue their grievance rights before the Privilege and Tenure Committee under [Senate Bylaw 335](#). Non-Senate members are entitled to a Step III hearing under Academic Personnel Manual [\(APM\) - 140](#).

The Advisory Committee will provide an annual summary report on its activities to the Dean and Plan participants.

III. GOOD STANDING CRITERIA

Faculty members of the UCR School of Medicine must comply with the "Good Standing Criteria" in order to engage in outside activity and successfully progress academically. The faculty member is responsible for performing the duties assigned at the time of hire, as well as reasonable new duties assigned by the department in areas of teaching, research/scholarship, clinical care and University public service. Good Standing criteria for health sciences faculty will include expectations related to their academic series, divisional/unit expectations related to service, and expectations related to generation of salary support and to shared expenses, including expectations related to clinical practice for those faculty engaged in patient care.

A. Good Standing Criteria include (as example):

- 1) Fulfillment of clinical, teaching, research and administrative obligations, as assigned
- 2)
- 3) Keeping appropriate licensure and clinical privileges current
- 4) Meeting requirements for clinical coverage
- 5) Participation in divisional activities or revenue generation
- 6) Meet the Faculty Code of Conduct and other UC rules and regulations, including timely completion of all required compliance classes, meetings and procedures, provisions of accurate and timely documentation related to outside activities
- 7) Compliance with State and Federal regulations as related to professional activities
- 8) Collegial interactions with others
- 9) Compliance with guidelines on outside professional activities
- 10) Meeting other requirements as determined by the division/unit and described in these UCR School of Medicine Implementing guidelines

B. Loss of Good Standing Criteria:

A faculty member may fail to be in "good standing" for conduct which significantly impairs

the UCR School of Medicine's central functions of clinical care, scholarship, teaching, and University and public service. Loss of Good Standing may occur in the following instances:

- 1) Faculty misconduct
- 2) A negative five-Year review
- 3) Refusal or failure to participate in assigned duties, such as teaching, research/scholarship, clinical care, or administrative duties
- 4) Loss of clinical privileges (as required)
- 5) Loss of licensure and/or credentials (as required)
- 6) Refusal or failure to complete required trainings
- 7) Lack of compliance with University policy and/or reporting requirements
- 8) Failure to meet expectations of the Division/Unit related to the generation of salary support and/or shared expenses

C. Administrative Review Process for Loss of Good Standing:

- 1) In cases of disagreement related to the determination of Good Standing of a Plan Participant or to specific consequences, the Chair/Unit Director shall meet with the Plan Participant to discuss how to remedy the situation and review the specific consequences of lack of remediation, as determined by the Plan including, but not limited to, initiating the formal process outlined below. The Chair/Unit Director and the Plan Participant should strive for informal resolution, as appropriate to the circumstances. Informal resolution should strive to be completed within 6 weeks, or if additional time is needed, the Plan member will be notified as to the status and need for more time. The Chair/Unit Director shall prepare a written document that summarizes the discussion; a copy of this document shall be given to the Plan Participant within 2 weeks of the informal resolution process.
- 2) If informal resolution is unsuccessful, the Chair/Unit Director must provide a written statement that summarizes the reason(s) for requesting that a Plan Participant be deemed Not in Good Standing. The document should include recommendations on what actions the Plan Participant must take to reestablish good standing if they are deemed to be Not in Good Standing. Relevant back-up documentation should be included.
- 3) The Plan Participant shall be given a copy of the Chair's/Unit Director's written statement and have the opportunity to provide a written response to the Chair/Unit Director within 14 days. If the issue is resolved within the 14 day response period, the Chair/Unit Director shall provide the Plan Participant with a written document that the matter is closed.
- 4) If the issue is not resolved within the 14 day response period, the Chair's/Unit Director's written statement, any supporting documentation, and the Plan Participant's response (if provided) shall be sent to the Dean.
- 5) If the Dean agrees with the Chair's/Unit Director's assessment, the Dean shall issue a written determination that the Plan Participant is Not in Good Standing. This written document will describe any corrective action(s) that must be taken in order for the Plan Participant to return to Good Standing. A copy of the Dean's determination shall be provided to the Plan Participant and the Chair/Unit Director.
- 6) If the Dean does not agree with the Chair's/Unit Director's assessment, the Dean will issue a written determination that the Plan Participant remains in Good Standing. A copy of the Dean's determination shall be provided to the Plan Participant and the

Chair/Unit Director.

- 7) Any faculty member considered not in good standing will be notified by the Dean in writing. Notification will include reasons for the determination and any recommended remedy, as well as a time line to move back into good standing. Faculty members who believe that Good Standing Criteria have been applied unfairly may appeal to the Advisory Committee through its Chair (see below).

D. Appeal Process:

If a determination is made that the Plan Participant is Not in Good Standing and the Plan Participant believes that the Good Standing Criteria were applied unfairly, the Plan Participant may appeal to the Advisory Committee. The Advisory Committee shall review the documents, may interview the Plan Participant and/or the Chair/Unit Director, and prepare a written assessment for the Dean. The final decision will be made by the Dean. Plan Participants who are Senate members may pursue their grievance rights before the Privilege and Tenure Committee under [Senate Bylaw 335](#). Plan participants who are Non-Senate faculty are entitled to a Step III hearing under [APM - 140](#).

E. Consequences of Not Being in Good Standing:

The following consequences may be imposed on Plan Participants who are determined to be Not in Good Standing:

- 1) Must obtain advanced approval from the Division Chair to engage in any unassigned professional activities. If approved, all income from such approved activities shall accrue to the Plan and not to the faculty member.
- 2) Decrease in negotiated compensation (Y; see [APM - 670-18-c \(1\)](#)).
- 3) Loss of, or reduction in, incentive compensation (Z; see [APM - 670-18-c \(2\)](#))
- 4) Requests for any academic leave will not be approved and/or requests that were previously approved will be reconsidered.

F. Return to Good Standing:

To return to Good Standing, the Plan Participant must submit a written request to his/her Chair/Unit Director that outlines how the issues were resolved or rectified. The Chair/Unit Director shall review the request, assess the Plan Participant's progress and submit his/her written recommendation to the Dean, along with the Plan Participant's request and other supporting documentation. If the Chair's/Unit Director's written assessment states that no progress or insufficient progress was made, the Chair/Unit Director should specify in his/her written recommendation to the Dean what further actions must be taken.

If the Dean endorses the Chair's/Unit Director's assessment that no progress or insufficient progress was made, the Dean will notify the Plan Participant in writing that he/she is not returned to Good Standing and outline what further actions must be taken. A copy of the Dean's determination shall be provided to the Plan Participant and the Chair/Unit Director.

If the Dean determines that all issues were resolved, the Dean shall provide a written assessment to the Chair/Unit Director. The Chair/Director shall notify the Plan Participant in writing that he/she has returned to Good Standing. A copy of the Dean's assessment shall

be provided to the Plan Participant and the Chair/Unit Director.

If the Plan Participant does not submit a written request to the Chair/Unit Director, he/she shall remain Not in Good Standing.

If a Plan Participant remains Not in Good Standing for more than one calendar year, the Chair/Unit Director may wish to pursue further action(s), as set forth by other academic policies.

G. Appeal Process:

If the Dean determines that the Plan Participant has not returned to Good Standing and the Plan Participant disagrees with this determination, based upon unfair assessment or application of criteria, the Plan Participant may appeal to the Advisory Committee. The Advisory Committee shall review all written documents, may interview the Plan Participant and/or the Chair/Director, and will prepare a written assessment for the Dean. The final decision will be made by the Dean. Plan Participants who are Senate members may pursue their grievance rights before the Privilege and Tenure Committee under [Senate Bylaw 335](#). Plan participants who are Non-Senate faculty are entitled to a Step III hearing under [APM - 140](#).

Exceptions may be approved in writing in accordance with the School Implementing Procedures.

IV. MEMBERSHIP IN THE COMPENSATION PLAN

A. Membership Requirements:

Individuals in health sciences schools, disciplines or specialties that have been approved for participation in this Plan shall be members of this Plan if they hold a University appointment at greater than 50 percent of full time, funded by one or more of the participating health sciences units, in any of the following title series:

- 1) Professor
- 2) Professor In-Residence
- 3) Professor of Clinical X_ (*e.g., Medicine*)
- 4) Adjunct Professor
- 5) Acting Professor
- 6) Visiting Professor
- 7) Health Sciences Clinical Professor
- 8) Health Sciences School Dean titles
- 9) Any other title series approved for membership in this Plan by the President.

A member of the faculty who was appointed in a health sciences school at the time of their retirement may be recalled to participate in the Health Sciences Compensation Plan yet may not exceed a maximum total per each month of 43 percent of full time. Please refer to [APM - 205](#), Recall for Academic Appointees, for terms and conditions for Plan membership for

recall appointees. All other faculty participating in the Plan must hold appointments greater than 50 percent of full time.

Faculty recalled as members of the Plan are subject to all Plan rules and local implementation procedures and guidelines. Deans and other faculty administrators in Plan schools shall be members of the Plan if they hold an underlying Health Sciences Compensation Plan faculty title; however, salary and reporting requirements are defined by the personnel policies governing the administrative appointments.

Membership in the Plan is a term and condition of employment. All new and continuing eligible Plan members shall receive a copy of this Implementing Plan document and any other related School or Division Guidelines setting forth campus and Divisional Policy applicable to faculty covered by the Plan.

Faculty holding any of the titles 1 through 9 above with an appointment in more than one department or School may be considered for inclusion in the Plan if their appointment is more than 50% in a Division participating in the Plan and funded by one or more of the participating health sciences units. If included in the Plan, they will be subject to continued membership and all requirements of the Plan. Determination of and responsibility for the faculty member's salary must be jointly agreed to in writing by the Chairs of the affected Divisions/Departments, and approved annually by the Dean(s). The Division participating in the Plan is responsible for administering compensation, including health and welfare benefits.

Membership in the Plan shall continue while the Plan continues to be in effect. Separation from an eligible appointment will terminate membership in the Plan.

B. Exceptions to Membership Requirements

The Chancellor may approve exceptions to membership requirements in individual circumstances to meet special teaching, research, or clinical service requirements.

The Chancellor shall review and has authority to approve provisions in campus procedures, and requests by Deans in specific cases, for inclusion in the Plan of individuals in a health sciences school whose appointments are in the series listed in Section IV.a, regardless of percentage of time.

V. COMPENSATION

A. Total Compensation

Faculty members participating in this Plan shall:

- 1) receive base salary as described in Section B. below;
- 2) be eligible for optional additional compensation as described in Section C, below; and
- 3) be permitted to retain the other miscellaneous income as described in Section VI.I. and VI.M. below.

No State funds shall be used for the portion of base salary that exceeds the ~~Fiscal Year~~Health Sciences Compensation Plan Salary Scale (~~HSCP Scale~~APU 0) for the ~~Plan member's~~faculty members rank and step, ~~(i.e., X compensation as described below)~~ or for any optional additional compensation as described at Section C. below. Compensation above ~~HSCP Scale 0~~base salary of X shall be funded using Compensation Plan funds and other non-State funds in compliance with any related fund source restrictions.

[NOTE: The above revisions include clarifying terms for consistency. For example, the document does not describe a Fiscal Year Salary Scale elsewhere. Rather, it is our understanding that the scale is the Health Sciences Compensation Plan Salary Scale. Also, the issue of state fund allocation is limited to X compensation. We want to reference that term since we use it throughout.]

Payment under the Health Sciences Compensation Plan will be made directly to the Plan participant in his/her individual capacity and will not, absent prior approval from the President or the President's designee, be made to any professional corporation or other legal entity maintained by the Plan participant.

~~Generally, off-scale salaries are not awarded, with exceptions approved by the Dean. No State funds shall be used for the portion of base salary that exceeds the Fiscal Year Salary Scale for the Plan member's rank and step or for optional additional compensation as described at Section C. 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.~~

[NOTE: The language related to off scale salaries relates to Base Salary so it is moved below to that section. The language related to state funds is repetitive from above so it was deleted.]

B. ~~Base Salary (X and X')~~ and Academic Programmatic Unit (APU)

~~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 assigned APU. Base salary shall equal at least the approved rate on the Fiscal Year Salary Scale (HSCP Scale 1) for the faculty member's rank and step (X). The base salary is covered under the University of California Retirement Plan (UCRP) up to the amount permissible under Internal Revenue Code provisions in accordance with UCRP provisions and regulations. Plan participants' APU scale assignments shall be approved by the Dean and assignments may be changed in accordance with guidelines issued by the Chancellor. The differential between X (Scale 0) and the faculty member's rank and step on the HSCP Salary Scale assigned to the faculty member's APU is designated X-prime (X').~~

[NOTE: These revisions are made so that the description of the Base Salary discusses the process for determining Base Salary. The above language is reflected in the revisions below.]

1) Academic Programmatic Unit (APU)

~~(a) For the purpose of determining the Health Sciences Base Salary Rate, each~~Each Division shall establish ~~at least one Academic Programmatic Units ("APU")~~ to which ~~the an individual~~ faculty member shall be assigned. ~~An Each~~ APU shall ~~comprise be~~ comprised of faculty members with similar clinical, teaching and research responsibilities. The Division Chair shall recommend an appropriate APU assignment

for each faculty member of the Plan, in her/his Division based on clinical, teaching and research responsibilities.

~~(a)~~(b) Each APU shall be assigned to an ~~HSCP Salary~~ "APU Scale" between 0 to 9 (1—9) ~~i.e., 0, 1, 2, 3, 4, 5, 6, 7, 8, or 9).~~ Assignments to the different APU Scales may be referenced as "APU 0", "APU 1", "APU 2", and so on.

~~(b)~~(c) In keeping with the responsibility of the University to ensure consistency of compensation by the creation of APUs or assignment of faculty to APUs, the following ~~is noted~~ shall apply:

- i. The Dean is authorized to approve the faculty composition of each APU and assignment of ~~a salary scale~~ the APU Scale level to that unit as recommended by the Division Chair;

- ii. ~~Based on current numbers of faculty with clinical responsibilities of the UCR School of Medicine, a single APU may be comprised of fewer than 4 members. The Dean will annually provide to the Chancellor of UCR criteria for composition of any APU with fewer than 4 members, and the names, series, rank, and step of each member of the APU;~~
- iii. ~~Once assigned, an APU must remain at its assigned HSCP salary scale for at least one year before being assigned to a higher or lower scale;~~
- iv. ~~ii. An APU is permitted to move to a higher or lower HSCP salary scale by a maximum of one scale per year;~~
- v. ~~iii. No individual faculty member may be moved from one APU to another without a significant change in duties. Division chairs shall report annually to the Dean the name of any faculty member who has moved from one APU to another and the reason for the transition;~~
- iv. Once assigned, an APU must remain at its assigned APU Scale level (e.g., APU4) for at least one year before being assigned to a higher or lower APU Scale;
- v. An APU is permitted to move to a higher or lower APU Scale level by a maximum of one level per year (e.g., APU 4 could move up to APU 5 or down to APU 3);
- vi. ~~i.~~ Any new APUs recommended to the Dean will include assessment and analysis of financial feasibility.

[NOTE: The above revisions are clarifying and organizational. The range of the APU scale was unclear, so references to APU0 to APU9 were added so there is no misunderstanding.]

2) Base Salary X and X'

The component of base salary referred to as X for an individual is the approved rate on the applicable Health Sciences Compensation Plan Salary Scale (the "HSCP Salary Scale") associated with that faculty member's academic rank at an assigned APU Scale level of "0" (APU 0).

The component of base salary referred to as X' for an individual is calculated by multiplying the Base Salary X for that individual by the percentage assigned to his or her applicable APU Scale level as set forth in the HSCP Salary Scale.

For example and for demonstration purposes only, assume Base Salary X for an individual based on her/his rank is \$50,000 at APU 0. Further assume that the individual has been assigned to APU Scale level 3 and that this level is assigned 30% of APU 0 as set forth in the HSCP Salary Scale. Hence, the Base Salary X' for that individual at an APU Scale level 3 would be \$15,000 (\$50,000 x 30% = \$15,000). Total Base Salary for an individual would be X + X'. Thus, in the above example, total Base Salary would be \$65,000 (\$50,000 + \$15,000).

[NOTE: The above revisions are the description of X and X' to help clarify the process.]

3) Retirement Plan

The Base Salary of both X and X' is covered under the University of California Retirement Plan (UCRP) up to the amount permissible under Internal Revenue Code provisions in accordance with UCRP provisions and regulations.

4) Off-Scale Salaries

Base Salaries that do not follow the APU and APU Scale calculation described above will be not awarded, unless such exception is approved by the Provost. Any exception is subject to a regulatory compliance review.

[NOTE: The above two sections relate to Base Salary so they were placed in separate provisions so it was clear what is contemplated.]

C. Optional Additional Compensation

Individual levels of compensation will be established so as to maintain academic balance and to permit the recruitment and retention of the individuals necessary for the School to fulfill its missions at a high level of excellence. Faculty members participating in this Plan shall receive Base Salary and shall be eligible for additional compensation, as described below:

1) Negotiated Additional Compensation (Y Compensation)

Plan members may receive a negotiated fixed amount of additional compensation referred to as "Y Compensation." This component of pay is beyond the base salary and is not covered compensation for UCRP, but may be eligible for optional disability and life insurance programs, where applicable.

The Y ~~component~~Compensation will be negotiated with the Chair on an annual basis in the third quarter of the academic year. ~~This component is beyond Base Salary and is not covered compensation for the UCRP.~~ Mid-year renegotiation of the Y Compensation is permitted only under unusual circumstances and only with the written approval by the Dean.

The Y ~~component of the salary~~Compensation will be based on activities such as research, (the number and quality of publications, the acquisition of peer reviewed research grants, and special research awards), teaching awards, clinical publications, administrative responsibilities (Division, School of Medicine, hospital, and national and international service work), as well as revenue generated from an individual's personally performed clinical productivity ~~and revenue generated by the individual's practice. All income due the plan, including clinical income and post-threshold professional income will be deposited into the UCR School of Medicine compensation plan revenue fund.~~

~~This applies to clinical work done at outside facilities, satellite clinics, or offices.~~

[NOTE: These revisions clarify Y compensation, including that consideration of revenue generated is based on the personal performed services, and not general practice revenue. The reference to outside income is misplaced in this section and was moved below.]

2) Incentive/Bonus Compensation (Z Compensation)

Plan members may receive incentive~~/or~~ bonus compensation ~~–referred to as “Z Compensation” –~~. Z compensation is not covered compensation for UCRP. Department~~/or~~ Unit Plan Implementing Procedures shall describe the manner in which Plan Participants within a department, division or APU may earn Z Compensation beyond Base Salary and Negotiated Additional Y Compensation upon approval by their Chair/Director. Department/Unit Implementing Procedures should be submitted to the Advisory Committee for review as provided in Section II.D of this Plan. Department/Unit Plan Procedures shall be submitted annually by the third fiscal quarter to the Advisory Committee for review and comment. The Advisory Committee will ensure that individual Department/Unit Implementing Procedures are consistent with applicable policies and do not place the Department/Unit or UCR School of Medicine in an adverse financial position. Once reviewed by the Advisory Committee, Implementing Procedures shall be submitted to the Dean for approval to be effective in the following fiscal year. Department/Unit Implementing Procedures shall describe the calculation and payment methodology for Z Compensation.

3) Allocation of Z Compensation

Each Plan Participant may choose from the following allocation methodologies for Z Compensation.

(a) Option A: Z Compensation Payment

~~Remaining income~~Plan Participant may request that Z compensation is paid as a “Z” ~~payment~~ Compensation Payment” to the Plan Participant as faculty salary support on a quarterly basis following the close of each quarter (March 31, June 30, September 30, December 31). A “Z” payment may be paid earlier in the quarter if the Plan Participant retires or separates from University employment or upon approval of the Chair/Director. ***Option A is the default option. It will be implemented each year for Plan Participants who do not select in writing and secure approval for another option (i.e., Option B or Option C, below).***

(b) Option B: Academic Enrichment Fund (AEF)

~~Remaining income is requested to~~Plan Participant may request that Z compensation be allocated to an Academic Enrichment Fund (“AEF”). ~~Account~~AEF account funds may be used to support University-approved academic professional activities by reimbursing expenses that can be characterized as either: (1) an allowable direct

charge or (2) reimbursable University-related business expenses incurred and documented consistent with University business and finance bulletins and accounting guidelines in support of the Plan Participant's academic work. Once funds are allocated to an AEF, ~~they~~such funds may not subsequently be used for faculty salary support. If the Plan Participant retires or separates from University employment, the unexpended balance, if any, remains the property of the University. Funds ~~may be~~may be allocated to an AEF under the conditions described more ~~fully~~ below in the Section 5, titled Conditions Governing ~~Allocations~~Allocation of Funds to AEFs.

(c) Option C: Designated Academic Enrichment Fund and Z Compensation Payment

~~A Plan Participant may request that a~~ defined part (a flat dollar amount or a percentage) of ~~the remaining income is requested~~Z compensation to be allocated to an AEF and ~~that~~ the remainder is paid to the Plan Participant as a "Z" paymentCompensation Payment" as faculty salary support. Each part of the allocated Z compensation is subject to the restrictions described in Option A or Option B, as applicable.

4) Conditions Governing ~~Allocations~~Allocation of ~~Outside Professional Activity Income to Academic Enrichment Funds~~ are as follows: to an AEFs

The following conditions shall apply to professional activity income earned by Plan Participants from outside UCR activities.

- i. All or a portion of a Plan Participant's academic outside professional activity income due to the Plan may be allocated to an AEF.
- ii. On an annual basis, if allowed by his/her department/unit guidelines, a Plan Participant may submit a request to the Chair/Director that funds be allocated to an AEF for the forthcoming fiscal year (July 1 through June 30). **The request must be submitted in writing prior to May 31 (i.e., in advance of the forthcoming academic year)** and approved prior to implementation (i.e., by July 1st).
- iii. A Chair/Director may submit a written request to the Dean's Office to allocate funds for the upcoming fiscal year to an AEF. The Dean or the Dean's designee must confirm his/her approval, if forthcoming, in writing.
- iv. Disposition of the funds in an AEF is under the auspices of the department/unit. The Chancellor or the Chancellor's designee, through the Chair/Director, has final authority over the use and distribution of funds held in an AEF.
- v. Once a request that funds be allocated to an AEF has been approved, the Plan Participant cannot change the designation of such funds.
- vi. The department/unit must maintain detailed records that are readily available for audit and other appropriate reviews and support the allowable nature of the reimbursable academic professional expenses that are paid from the AEF. Plan Participants must submit all required supporting documentation for reimbursement consistent with University accounting guidelines. Unspent travel advances or any other disallowed amounts charged to the AEF must be repaid by the Plan Participant consistent with University accounting guidelines.
- vii. An AEF can maintain a positive balance at the end of an academic year that

may be carried forward to the next academic year, if approved by the Chair/Director, in his or her discretion. Disposition of year-end positive

balance is communicated annually to the Plan Participant at the time requests for allocations to AEFs are made.

- viii. ~~In the event of termination of employment, any outstanding account receivables shall be treated consistent with the Plan Participant's compensation arrangement. Specifically, receivables originated by Plan Participants without incentive/bonus compensation are the property of the University or resignation. AEF funds remain the property of the University. Receivables of Plan Participants with incentive/bonus compensation are handled in accord with department/unit guidelines. All incentive/bonus compensation, including payments for outstanding account receivables, will be~~

[NOTE: The above revisions help clarify AEF and how this works. The language deleted in section viii does not relate to AEFs so it is misplaced. Language related to accounts receivable and termination is set forth separately below.]

5) Withholding

Negotiated Additional and Incentive/Bonus Compensation paid to faculty through the University's payroll system will be subject to Federal and State withholding, and will be reported on a W-2 form as wages.

[NOTE: This withholding language is moved from below and set out in a separate section so it is clear how it applies to Y and Z compensation.]

~~Methodology for calculating incentive/bonus pool for the UCR School of Medicine:~~

D. Additional Provisions

- 1) The individual's incentive/bonus compensation (Z) will be determined in two ways. In the first component, after expenses are accounted and netted, following the Dean's assessment off the top to build a School of Medicine financial reserve, then 50% of the remaining 80% of the overall bonus pool money will be distributed at the Dean's discretion in consultation with the Chairs/Unit Heads and Advisory Committee, based on a quantified annual report of faculty non-clinical activity (such as research, committee work, etc.). The remaining 50% (half of the 80%) of the bonus pool will be awarded proportionately according to each individual's proportional contribution to the bonus pool, assuming a status of good standing. Provisions Related to Compensation, Billings, and Outside Professional Activities

[NOTE: This language was deleted. It is specific yet confusing and may not be applicable to all departments. The detailed plan for Z compensation should be set forth in the department plans, not in this document.]

~~1)2)~~

- ~~2)3)~~ A fully distributed costing of shared expenses will include (but is not limited to) rent (if applicable), support staff, medical student/residency program expenses not covered by other sources, fixed research expenses not covered by grants, clinical patient care expenses, etc. These shared expenses apply to the Z pool and equally to contributing faculty.

3)4) Each individual will be responsible for their own travel expenses along with books, journals, and research costs not covered by grants. In the event that a member does not make his or her negotiated salary in the fiscal year, a salary reduction for the ensuing year may occur at the Dean's discretion. The reduced salary will not drop below the base salary set for that APU Scale level (X + X').

4)5) By December of each taxable year, each faculty member will be required to complete and submit an Outside Professional Activities disclosure ~~to be submitted~~ to the Dean.

5)6) Shared expenses will also include, if applicable, payments specifically for malpractice coverage, California state medical license renewal, DEA controlled substance license, and hospital staff dues.

6)7) Individual salaries shall be negotiated annually by the individual and the Chair/Unit Director and documented in writing.

~~7)8)~~ Faculty with clinical responsibilities will be given a monthly statement from the billing service of the UCR Medical Group outlining their total billings to date, collections, and accounts receivable.

~~Negotiated Additional and Incentive/Bonus Compensation paid to faculty through the University payroll system, will be subject to Federal and State withholding, and will be reported on a W-2 form as wages for personally performed clinical services.~~

[NOTE: The above deleted language was moved for better organization.]

~~8)9)~~ Treatment of Accounts Receivables upon Separation:

In recognition of the principle that the Plan is an approved administrative structure within the University of California and that funds generated from professional services of the faculty are, by virtue of Plan membership, due to the University of California as herein provided, the Plan members recognize that upon separation (e.g., termination, resignation) a ~~terminated~~ faculty member does not have rights to monies accruing in the accounts of the Plan or the accounts of the various departments, and that nothing in these Implementation Procedures shall be construed as creating an interest in accounts receivable resulting from prior professional service. Upon termination, a faculty member will be paid the approved compensation through the effective date of termination.

Faculty who were members of the Compensation Plan for the full fiscal year shall be eligible to receive Z ~~compensation~~ Compensation for that year, in accordance with their department compensation plan procedures, regardless of their employment status at the time of distribution of the Z payment.

10) Professional Fees and Income

All income due the plan, including clinical income and post-threshold professional income will be deposited into the UCR School of Medicine compensation plan revenue fund. This applies to clinical work done at outside facilities, satellite clinics, or offices.

[NOTE: The above language was moved here for clarity and better organization.]

3) Administrative Stipends

Plan members may receive administrative stipends, defined as payments by the University for responsibilities related to University administration beyond normal responsibilities.

~~D.E.~~ **Annual Notification:** On an annual basis, each faculty member of the Plan shall receive in writing from the Dean a Statement of Proposed Compensation for the forthcoming academic period July 1 – June 30. This annual statement will include:

- (a) The amount of UCRP covered base salary compensation (X + X');
- (b) APU ~~and HSCP Salary~~ Scale level assignment (~~HSCP~~APU Scale ~~10~~ – 9);
- (c) The amount of negotiated additional ~~compensation~~ (~~Y~~) Y Compensation;
- (d) The payment schedule for Incentive/Bonus compensation (Z Compensation) and the Department/Unit and/or UCR School of Medicine assessment policy for Z Compensation payments.

| _____

VI. CONFLICT OF COMMITMENT AND OUTSIDE ACTIVITIES OF HSCP PARTICIPANTS

The [APM 671](#) policy on conflict of commitment and outside activities and the disposition of income earned from outside professional activities provides guidance for the identification and management of outside professional activities in order to avoid conflicts of commitment, while

assuring that the Plan participants may engage in a wide array of outside activities without unnecessary limitations. [APM 671](#) is specific to faculty members who are participants in the Health Sciences Compensation Plan.

Outside professional activities must be undertaken in a manner consistent with the faculty member's professional obligations to the University. Outside activities must not conflict with the faculty member's obligations to students, colleagues, or to the University as a whole. In order to fulfill those obligations, faculty members must maintain a significant presence on campus, meet classes, keep office hours, hold examinations as scheduled, be accessible to students and staff, be available to interact with University colleagues, and share service responsibilities throughout every quarter or semester of active service.

A. Time Limits

The total number of days Plan participants may devote to compensated or uncompensated outside professional activities must not exceed 21 days. The Plan recognizes and supports a framework of diverse hours and schedules to accommodate teaching, research and creative work activity, University service and University-related public service, and a day for most faculty exceeds eight hours. However, total time, defined in these guidelines totals 168 hours over 21 days.

B. Annual Outside Professional Activities Earnings Approval Threshold

The maximum annual outside professional earnings approval threshold for the UCR School of Medicine is \$40,000, or 40% of the assigned Health Sciences Compensation Plan Scale 0 (X), whichever is greater. All income from activities beyond the earnings threshold is due the Plan (even if the time threshold has not been reached.)

A Plan participant who has satisfied the Good Standing Criteria established in accordance with [APM - 670-10](#), who has not exceeded the limit on the number of days devoted to outside professional activities established in these Implementing Procedures, and whose annual earnings from all outside professional activities will not exceed the approval threshold is allowed to engage in outside professional activities (other than patient care) in accordance with all applicable University policies.

C. Retention/Non-Retention of Income

Income earned above the approval threshold of \$40,000 or 40% of the assigned HSCP Scale 0 (X), with the exception of income earned from Category III activities (see [APM - 671-10-a-\(3\)](#) for a description of Category III activities) and certain other activities listed in [APM - 671-10-b](#), must be deposited to the Plan. Categories I and II includes activities that must be reported whether they are compensated or uncompensated and in the case of Category I, must receive prior approval before the faculty member engages in the activity. (see [APM 671-10-a-\(1\) and \(2\)](#))

Plan members of the UCR School of Medicine are not permitted to accept a salary or other regular income from any institution other than UC Riverside.

D. Additional Guidance on Outside Activities

Faculty members have an obligation to disclose financial interests before making or participating in certain activities. The University policy ([APM - 671](#)) related to Conflict of Commitment and Outside Activities of faculty members can be found at: <http://www.ucop.edu/academic-personnel-programs/files/apm/apm-671.pdf> Additional reporting, disclosure and disqualification requirements can be found in the Political Reform Act of 1974, including the Academic Decision Regulation; and in the University's Conflict of Interest Code, which requires designated University employees to disqualify themselves from participating in a University decision in which they have a personal financial interest. Faculty may obtain information about these requirements through the campus office of Legal Support Services.

Income due the Plan is subject to established Departmental and/or School assessment policies. (*see section VIII.C. Assessment of Professional Income*)

Departments have the authority to determine the amount of deposited income that may be set aside for academic enrichment. Academic Enrichment Funds are established by departments to support the academic, research and professional development activities of the faculty by allowing direct charge or reimbursement of business-related expenses

E. Exceptions Request

Each Plan participant shall be responsible for maintaining a running total of his or her time devoted to and annual earnings derived from all outside professional activities whether they exceed the time or earnings threshold and whether the funds are due to the Plan. Plan participants who wish to exceed the time threshold as established must forward all such requests via the Chair/Unit Director to the Dean for approval and submission to the Chancellor prior to engaging in activity(ies). Requests should include the following information:

- relevant details about the proposed engagement or schedule of engagements;
- nature of the services to be provided;
- person or entity(ies) who will receive and/or pay for the services
- anticipated period of service and/or days to be devoted to the activity;
- total expected income from the activity; and
- amount by which the participant's total annual earnings from outside professional activities are expected to exceed the threshold.

The Chancellor's approval must be in writing. All income from activities beyond the time threshold are due the Plan (even if the earnings threshold has not been reached) and will be submitted for deposit into the appropriate medical school compensation plan revenue account. All such payments are due upon receipt.

After a Plan participant has received approval to engage in an activity that may cause his or her time allotment and/or annual earnings from outside professional activities to exceed the

approval threshold, he or she must request the Chair/Unit Head's approval for any subsequent engagement(s). If such engagement(s) is/ are approved, they shall be undertaken with all related income accruing to the Plan unless an exception is approved in writing.

The UCR School of Medicine will have both a 21 days of service and an earnings threshold of \$40,000 (or 40% cap) annually. Earnings generated above the cap, even with Dean's consent, within the 21 days threshold will be due the Compensation Plan. If income from an activity is expected to cause the Plan participant's total annual earnings to exceed the greater of \$40,000 or 40% 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.

Plan participants shall immediately notify their Chair/Unit Heads if they inadvertently exceed the time limits or earnings threshold or if any of the information they provided in an approval request is inaccurate or has changed since the initial notification. For example, a participant should immediately notify his or her Chair/Unit Head if the earnings estimate from an outside professional activity was understated. Plan participants are subject to corrective action and disciplinary measures as outlined in [APM - 671-26-b](#) for violation, neglect, or manipulation of Plan requirements.

F. Students

Involvement of students in the outside professional activities of a faculty member may, under certain conditions, offer the student potential educational benefits. However, the relationship between the faculty member and the student must be protected from influences or activities that could interfere with the student's learning and must be consistent with the goals and ideals of the University (The Faculty Code of Conduct, [APM - 015](#)). A faculty member involving a student in outside activities has the responsibility to ensure that the student's participation does not interfere with the student's academic obligations.

If the faculty member has, or expects to have, academic responsibility (instructional, evaluative, or supervisory) for the student, the faculty member must obtain prior written approval from the Chair/Unit Head before involving a student in an outside professional activity regardless of whether the faculty member is compensated for or has a financial interest in the activity. Involvement of students means any substantive activity in which the student participates, whether the student is compensated or uncompensated. The involvement of a student in the outside professional activity of a faculty member must not affect, positively or negatively, the faculty member's evaluation of the student's performance in any other context.

G. Use of University Resources

The use of University resources in connection with outside professional activities is subject to limitations. The Faculty Code of Conduct ([APM - 015](#), Part II, C) defines 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. The Standards of Ethical Conduct, as adopted by The Regents, state that University resources may only be used for activities that are undertaken on behalf of the University. The University's resources may not be used for private gain or for personal purposes.

Reasonable use of UCR School of Medicine equipment and university resources is acceptable and may include the following: use of office email, scanners, telephones or faxes for incoming or outgoing communications, but not long-distance charges (which should be reimbursed to the University by the individual incurring them); use of departmental offices for interviews or other similar activities, unless usage creates difficulties for other School of Medicine scheduling access; using administrative support personnel to accept phone calls, take messages, and schedule appointments at the request of individuals outside the university (but not asking staff to arrange meetings, prepare materials, arrange travel, etc. when these activities relate to outside professional activities).

H. Liability Coverage

The University's liability and workers compensation coverage does not extend to activity that is outside of the course and scope of the participant's University employment. Some outside professional activities, particularly certain consulting and expert witness testimony, would generally be considered outside the course and scope of University employment, depending on the facts and circumstances of any given case. Questions about University liability coverage in connection with a specified activity or exposure should be discussed with the Office of Risk Services at the Office of the President.

I. Categories of Outside Professional Activities

Professional activities are separated into three categories.

1) Category I

- (a) Category I activities are outside professional activities that are most likely to create a conflict of commitment because: 1) they are activities related to the training and expertise which is the individual's qualification for University appointment, but performed for a third party, and/or 2) they require significant professional commitment.
- (b) Category I activities require prior approval by the Chancellor and require disclosure in annual reporting. Category I activities count toward the faculty member's time threshold for outside professional activities (see [APM - 671-8-b and Appendix C](#)), and earned income counts toward the earnings approval threshold (see [APM - 671-8-c](#)).
- (c) Category I activities include, but are not limited to:
 - i. Teaching, research, or administration of a grant at an educational institution, trust, organization, government agency, foundation, or other entity outside of the University;
 - ii. Employment outside of the University;
 - iii. Assuming a founding/co-founding role of a company;
 - iv. Assuming an executive or managerial position outside of the University.

2) Category II

- (a) Category II activities are typically shorter term outside professional activities that are outside the course and scope of University employment. Category II activities have a lesser potential for a conflict of commitment than do Category I activities.
- (b) Category II activities require disclosure in annual reporting under this policy, but do not require prior approval. Category II activities count toward the faculty member's time allotment for outside professional activities (see [APM - 671-8-b and Appendix C](#)). Income earned from these activities count toward the earnings approval threshold (see [APM - 671-8-c](#)). Prior approval is required if the time and/or earnings thresholds are exceeded.
- (c) Examples of Category II activities include, but are not limited to:
 - i. Additional University-compensated teaching, including teaching for UNEX courses and programs (see [APM - 662](#), Additional Compensation: Additional Teaching), other continuing health education programs run by the University, and self-supporting UC degree programs;
 - ii. Consulting under the auspices of the University of California;
 - iii. Consulting or testifying as an expert or professional witness;
 - iv. Consulting for for-profit entities;
 - v. Consulting for non-profit entities;
 - vi. Consulting for non-profit health or education-related organizations;
 - vii. Consulting for government agencies;
 - viii. Serving on a board of directors outside of the University whether compensated or uncompensated;
 - ix. Providing or presenting a workshop for industry;
 - x. Providing outside consulting or compensated professional activities performed for entities such as the Los Alamos and Lawrence Livermore National Laboratories;
 - xi. Other income-generating activities specified in approved Implementing Procedures.

3) Category III

- (a) Category III activities are within the course and scope of University employment. As such, they are unlikely to raise conflict of commitment issues.
- (b) Category III activities, even if compensated, do not require disclosure in annual reporting or prior approval under this policy, do not count toward the faculty member's time threshold for outside professional activities, and the income does not count toward the earnings approval threshold. Nevertheless, these activities must not interfere with a faculty member's obligations to the University (see [APM - 671-8-a](#)).
- (c) Examples of Category III activities include, but are not limited to:
 - i. Serving on government or professional panels or committees or as an officer or board member of a professional or scholarly society;
 - ii. Reviewing manuscripts; acting in an editorial capacity;

- iii. Attending and presenting talks at university/academic colloquia and conferences; and
- iv. Developing scholarly or creative works.

J. Other Activities

Income from the following activities may be retained by Plan participants and does not count toward the earnings approval threshold. Time related to these activities does not count toward time limits.

- 1) Prizes, defined as gifts in recognition of personal achievements and not for services rendered;
- 2) Royalties, defined as shares of proceeds for contributions as authors or inventors, as allowed under the University's copyright and patent policies;
- 3) 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;
- 4) University honoraria, defined as payment for occasional lectures or similar services performed on a University of California campus as permitted by Academic Personnel Policy (see [APM - 666](#), Additional Compensation: Honoraria) and relevant campus policies;
- 5) Administrative stipends;
- 6) Income from a profession unrelated to the training and experience which is the individual's qualification for University appointment.

K. Disclosure Requirements

Faculty are responsible for disclosing all situations that may raise conflict of commitment issues in the following manner:

1) Prior Approval Requirements

All Category I activities and requests to exceed the time or the earnings approval threshold require prior written approval from the Chancellor in advance of performing the activity.

2) Reporting Requirements

Each Plan participant must provide an annual report of outside professional activities to their Chairs/Unit Head by November 1st each year, even if the faculty member did not engage in outside professional activities during the year. Faculty must report annually all Category I and II outside professional activities that were conducted during the prior 12 months, including activities conducted during normal service periods and during periods of leave with pay. All earnings derived from these activities must be reported as well. The report will include:

- (a) Number of compensated dates involved

- (b) Description of service performed
- (c) Name of organization or person who received the service
- (d) Type of organization (e.g., non-profit, for-profit, government agency, etc.)
- (e) Amount of compensation

L. Disposition of Income Due the Plan

If there is income due the Plan above the \$40,000/40% or 21-day maximum time limits, it will be added to the calculation for the bonus (Z).

M. Non-cash Compensation

Professional income governed by the Plan includes not only cash compensation, but also non-cash compensation. Faculty who receive stock or stock options in lieu of compensation for outside professional activities must disclose them to the Dean's Office within 30 days of receipt, and the stock/stock options will be valued at that time. If the purchase price is less than the stock/stock option's valuation on the day of receipt, the difference between the purchase price and the value of the stock/stock options is due the Plan. Faculty must count this difference in their earnings threshold. Faculty who neglect to disclose the stock/stock options at the time of receipt will owe the Plan the difference between the initial purchase price and the market value at the time it is disclosed.

N. Policy on Requirement to Submit Proposals through the University

The Policy on the Requirement to Submit Proposals and to Receive Awards for Grants and Contracts through the University was issued by the University's President on December 15, 1994 and applies to all faculty members. Faculty who receive any part of their salary through the University, or whose activities use any University resources or facilities, must submit their proposals for extramural support through the UCR Office of Research and Economic Development..

O. Restrictions

A faculty member shall not engage in any outside professional activity that creates a conflict of commitment.

Patient care (clinical) activities must be provided within the University setting, or as part of an approved affiliation agreement or professional service agreement. All clinical income is due to the Plan. In no case will Plan participants be allowed to retain income from patient care (clinical) activities.

P. Monitoring and Enforcement

University reserves the right to take corrective action and disciplinary measures toward any Compensation Plan member who fails to comply with Compensation Plan Implementing Procedures or Guidelines on outside professional activities.

Situations where Compensation Plan members will be considered out of compliance include, but are not limited to:

- 1) Failure to turn over income due to the Plan as required by school Implementing Procedures or Guidelines
- 2) Failure to obtain prior written approval for Category I activities or for involving a student in outside professional activities
- 3) Failure to comply with time limits for Categories I and II activities
- 4) Failure to accurately disclose and describe the nature and scope of Category I and II outside professional activities and earnings derived from those activities

The primary means of monitoring compliance will be review by Chairs of information provided by the faculty member in annual reports on outside professional activities. If a Chair has any concerns about whether a Compensation Plan member is meeting the established standards, the matter may be referred to the Dean. The responsibility for oversight of the outside professional activities of Chairs shall reside with the Dean.

If the Chair or the Dean has reason to believe that a Plan member has not complied with the school Implementing Procedures or Guidelines on outside professional activities, the Dean may take appropriate corrective action. Corrective action refers to the discontinuation of certain privileges available only to Plan members, in particular the opportunity to earn and receive compensation above the fiscal year salary scale through the Compensation Plan, because of noncompliance.

For example, corrective actions may include:

- Incentive or bonus compensation (commonly referred to as Z compensation) may be suspended until such time as the Plan member complies with the Compensation Plan provisions, or
- Additional negotiated compensation (commonly referred to as Y compensation) may be set with consideration of the Plan member's prior performance, including compliance with implementing procedures on outside professional activities.

Compensation established in accordance with the specialized Health Sciences Salary Scales (commonly referred to as X, X' compensation) shall not be reduced as a corrective action unless the Plan member is placed, by Chancellorial exception, on the fiscal year salary scale (Scale 0).

Reductions in compensation are not always the result of corrective action and may also occur for other reasons such as insufficiency of current year income and contingency reserves. Whenever there are reductions in compensation, faculty shall be notified in writing by the Department Chair.

In addition, corrective action will not preclude administrative remedies, sanctions or disciplinary measures in accordance with [APM - 016](#), University Policy on Faculty Conduct and the Administration of Discipline and [APM 150](#), Non-Senate Academic Appointees/Corrective Action and Dismissal. Violations by faculty members of either the time limits or earnings approval thresholds for outside professional activities represent an unauthorized use of University resources and/or retention of funds that belong to the

University.

Q. Complaints and Appeals

Faculty members who have a complaint about issues related to outside professional activities or conflict of commitment should first try to resolve the issue at the Division/Unit level. If the complaint cannot be resolved through discussions, the faculty member's complaint and the Division Chair/Unit Director's response should be documented. If the faculty member is dissatisfied with the Division Chair/Unit Director's decision, she/he should file a formal complaint with the Dean. The Dean will charge the Advisory Committee with fact finding. Both the Division Chair/Unit Director or their designee and the faculty member will have the right to be heard by the Committee. The Committee will issue a formal recommendation for resolution to the Dean. The Dean will make the decision based on the recommendations of the Committee. If the faculty member is dissatisfied with the Dean's decision, s/he can pursue administrative remedies through applicable campus academic personnel processes. Senate faculty may pursue their grievance rights under the terms of [Senate Bylaw 335](#). Non-Senate faculty may pursue their grievance rights under the terms of [APM - 140](#).

VII. BENEFITS

Benefits provided as outlined below are consistent with benefit levels approved by the Regents. The UCR School of Medicine will not offer faculty benefits beyond those approved by the Regents.

A. Base Salary-Related Benefits

Base salary-related benefits are associated with an individual's base salary from one of the Health Sciences Salary Scales paid through the University of California payroll system. These benefits may include participation in the UCRP, health care benefits, disability benefits, regular term life insurance, and other benefits as may be approved by The Regents under the same eligibility requirements as to all other members of the University's faculty.

B. Optional Benefits on Additional Compensation

The Regents have authorized some disability and life insurance benefit programs related to health sciences additional compensation beyond the base salary. These programs must be approved by the Office of Human Resources, Office of the President. Policies governing optional disability and life insurance programs on additional compensation are available from that office.

C. Paid Leave

Plan members who are eligible for sabbatical leave, leave with salary, or extended illness leave will be granted such leave paid at least at the Health Sciences Scales Base Salary rate (X, X'). A Plan member who leaves University service or transfers from a vacation-accruing title to a non-accruing title shall be paid for accrued vacation at the Plan member's total negotiated salary rate at the time of separation.

With the exception of the two provisions below (Extended Illness and Childbearing and Childrearing), members of the Plan are eligible for leaves as defined in [APM - 710 - 760](#).

Faculty members remain members of the Compensation Plan while on paid leave, even if total salary is dropped to base. While on paid leave, faculty members are bound by the rules of the Plan.

1) Extended Illness

Members of the Plan who are appointed full-time to at least a twelve-month term who are unable to work for reasons of extended personal illness, injury or disability, shall be granted paid medical leave up to 90 days at the approved Health Sciences Scales Base Salary rate (X + X'). The Y component of the salary will be included only if a grant, the Division or the Unit has available funds.

Faculty who can perform part of their usual duties or other duties assigned will be required to do so. With appropriate documentation, which may include a physician's certification of disability, and/or an outside third party review (at the School's expense), the School will provide salary continuance during periods of extended illness or disability as follows:

Faculty members who are still unable to return to work will then need to rely on employee-and/or employer-paid plans (whether through the University or privately-funded) for income while eligibility for disability benefits continues. Faculty should consult current plan documents for complete information about the University plans available and the coverage they provide.

2) Childbearing and Childrearing

Childbearing and childrearing leaves shall be approved consistent with [APM - 760-25](#). In no case shall childbearing and childrearing leave be less than the minimum time period or base salary rate of pay as allotted under [APM - 760-25-b](#).

The School of Medicine will not distinguish between academic senate and non-senate members for the purposes of maternity leave for a faculty member who bears a child even if the member has served in their faculty title less than 12 consecutive months. It is expected that the funding sources supporting a faculty member's base salary (X + X') at the time of her childbearing leave will continue to be used during childbearing leaves. If additional leave is required for medical reasons, the School's policy regarding leaves for extended illness shall apply.

3) Other Paid Leave

(a) Vacation: Accrued vacation may be approved for use during periods of extended illness, disability, and child bearing/child rearing/approved family leaves.

- (b) **Sabbatical Leave:** Sabbatical leaves are a privilege accorded to eligible Ladder Rank faculty to allow them to engage in periodic and intensive programs of research and study (see [APM 740](#)). During an approved sabbatical, the salary rate will at a minimum be equal to the individual's rate of covered compensation ($X+X' (1 - 9)$). Additional compensation (Y portion) may be granted from the same or similar sources as those providing negotiated compensation prior to the period of leave (i.e., faculty may not accept salary directly from another institution while on sabbatical), but any salary above covered compensation (base) shall be limited by the availability of extramural, clinical or other discretionary funds. Total salary during sabbatical leave from all sources may not exceed the faculty member's total salary prior to the leave. Faculty shall remain members of the compensation plan and subject to all of its requirements while on sabbatical leave.
- (c) **Professional Development Leave:** Faculty who are members of the Academic Senate but not eligible for sabbatical leave may apply for professional development leave. Such leaves will generally not be approved for more than six months' duration. During an approved professional development leave (at the discretion of the Dean), the salary rate will at a minimum be equal to the individual's rate of covered compensation (Scale 1 – 9). Additional compensation may be granted for the same or similar sources as those providing negotiated compensation prior to the period of the leave (i.e. up to the $X + X' + Y$) if such funds are available. Total salary during professional development leave from all sources may not exceed the faculty member's total salary prior to the leave. Faculty shall remain members of the compensation plan and subject to all of its requirements while on professional development leave.
- (d) **Other:** On occasion, leaves of absence with pay may be approved for good cause (for example, during military service or for brief periods of governmental service); salary during such leaves will in general be at the full negotiated rate at the recommendation of the Chair with concurrence of the Dean.

These paid leave provisions are available to Plan members who are appointed less than 100%, after having been employed for at least one full year, for the length of paid leave prorated according to the percentage appointment, and paid at the full Health Sciences Scales Base Salary rate or total negotiated salary rate.

4) Leaves Without Pay

In addition to the types of leave described above, leaves of absence without pay for other good cause (e.g., for family care or other personal reasons) may be granted, subject to approval by the Chair and Dean. In general, such leaves may not exceed one year. However, during such periods of leave, faculty may not engage in compensated outside professional activities consistent with the guidelines of this Implementation Plan, and they shall remain members of the compensation plan and subject to all of its requirements. Exceptions to this policy are granted only in extraordinary circumstances, or where other policy or formal agreements supersede compensation plan policy (for example, in cases of extended governmental service or for faculty placed on administrative leave).

VIII. 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 considered 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 VI of the Plan. 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 in accordance with Internal Revenue Service (IRS) Regulations and University policies and procedures. All compensation must be included in the employee's income as wages subject to withholding for applicable Federal, State and FICA taxes. Eligibility and withholding for benefits (such as the University of California Retirement Plan, Retirement Savings Programs and employee life insurance programs) will be determined based upon the University's policies and procedures. School Implementing Procedures will include billing and accounting procedures necessary to assure accountability for all funds. All financial transactions shall be approved, documented, and otherwise processed or executed in accordance with University policies, procedures and delegations of authority.

- (a) Professional fee billing (including, and not limited to clinical revenue, for-profit consulting income, expert witness fees) is due the Plan and collection activities shall be conducted by authorized University billing groups, by external vendors with which the University has contracted, or as otherwise permitted by University procedures. All such fees shall be deposited upon receipt by the University or by an external vendor in a University bank account established in accordance with University delegations of authority.
- (b) Contracts with external billing vendors shall be processed and executed in accordance with delegated authority and University purchasing policies and procedures. They shall contain standard University-approved clauses, be subject to audit, and provide for monthly transmission of billings and receipt information to the University. Specific University-wide regulations may be developed for such contracts as needed to assure that funds are accounted for, safeguarded, and appropriately managed.

2) Reports

The accounting standards specified in the University of California Accounting Manual will be used in reporting income and expenses in all compensation arrangements.

B. Accounts and Sources

All income generated by a Plan member's professional activities (e.g. all income due the Plan, including but not limited to clinical revenue, consulting income and professional/legal

witness fees) shall be managed by, accounted for, and reported as revenue of the University; the only exception to this requirement shall be income that the Plan participant is allowed to retain in accordance with this Implementing Plan. All income owed to the University must be submitted to the Dean's Office for deposit into the appropriate UCR School of Medicine professional fee revenue account.

All income owed the University must be deposited in accordance with University cash/check handling policies and procedures and recorded in the appropriate revenue account and a fund within the UCOP fund group 409140. For payments made directly to the individual Plan Participant and owed to the Plan, the check should be endorsed payable to "The Regents of the University of California" and deposited in the same fund. A receipt for each such deposit should be provided to the Plan Participant.

In accordance with the Plan, all professional fee billing and collection activities shall be conducted by a University billing group or by an external vendor which has been approved by the Dean or the Dean's designee.

Compensation Plan fund accounts will be structured so that each Division/Unit has at least two distinct funds: a current-year operations fund and a prior-year fund to which accumulated surpluses will be transferred.

All fund accounts shall be separate University accounts and shall receive Plan income from the following sources:

- 1) Income from professional services;
- 2) Amounts paid by University hospitals or affiliated institutions for professional and managerial services rendered to the hospitals by participants in the Plan;
- 3) Such other funds as are required by the Chancellor or 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.

Reports: The accounting standards specified in the University of California Accounting Manual must be used in reporting income and expenses in all compensation arrangements.

C. Assessment of Professional Services Income

Professional Service Income of UC Plan Members is reported on an annual basis to system wide UCOP and senate committees. An assessment rate on the Plan members' gross professional fee collections is annually recommended by the Dean and approved by the Chancellor for the UCR School of Medicine to provide sufficient funds to cover expenses

associated with plan members. The assessment rate will be calculated annually after presentation of income and expenses to the UC Plan members and in consultation with the Advisory Committee as listed in V, section C to provide sufficient funds to cover expenses. Accounting will be fully transparent and available for faculty review.

The assessment rate is currently at 10% on gross receipts in the current year Professional Fees revenue fund. The assessment rate on Outside Professional Income deposited to the Plan can be reset on an annual basis in consultation with the Advisory Committee but authority rests with the Dean and Chancellor (*see APM 670 Appendix C*).

D. Contingency in Event of Inadequacy of Health Sciences Fund Accounts

An appropriate reserve account will be set aside to enable the school to build an adequate reserve contingency fund in the event that current year fund accounts are inadequate to meet annual commitments. The purpose of the reserve(s) is to provide the funds necessary to pay Plan expenses, including the agreed-upon compensation to each Plan participant, in the event that the current year income of the Plan is insufficient to do so.

If the reserve funds are insufficient for the purpose, other non-restricted and non-19900/state fund balances will be utilized within the School, and in the event that resources are still inadequate to meet annual commitments, the Dean will seek approval from the Chancellor to reduce the participants' additional compensation in a uniform manner in accordance with any fund source restrictions across the school, Division, or Unit as recommended by the Dean and approved by the Chancellor.

E. Budgeting

Each Chair/Unit Director shall develop and submit to the Dean each year an annual budget projecting income and expenses for the upcoming year as part of its annual faculty salary budget submission. The Plan clearly indicates the funding mechanism for all benefits provided under the provisions of the Plan.

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, and for related professional operating activities
- 2) To the extent that funds remain after expenditures for clinical practice costs, 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, benefits approved in accordance with Section VII may be paid.
- 4) To the extent that funds remain after all the foregoing expenditures, funds shall be contributed to the reserve(s) for contingencies in an amount recommended by the Dean and approved by the Chancellor.

- 5) When a health sciences 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 Division of origin (including but not limited to salaries for support personnel) as recommended by the Chair/Unit Director and approved by the Dean;
 - (b) The remainder may be used for other purposes in the school or campus as recommended by the Dean and approved by the Chancellor.

IX. PROCEDURES/REVIEW PROCEDURES

A. Annual Notification

Once per fiscal year, the Chair or Unit Director shall provide each member of the Plan a written notification of the member's total annual compensation. This notification shall include:

- 1) The amount of UCRP-covered salary (X and X');
- 2) APU and HSCP Salary Scale assignment (HSCP Scale 1 – 9);
- 3) The amount of negotiated additional compensation (Y); and
- 4) The payment schedule for Incentive/Bonus compensation (Z) payments and the departmental and/or school assessment policy for Z payments.

B. Implementation

The Implementing Plan for the UCR School of Medicine is designed to be consistent with the policy framework of the Regents' Plan for Health Science Compensation Plans. Revisions to the School's Implementing Procedures that are necessitated by revisions to the Plan shall be submitted for the President's or the President's designee's review within one year of approval of said Plan revisions. School Implementing Procedures may be made effective as of the effective date of such revisions to the Plan, or at any time thereafter, as authorized by the President or the President's designee.

Campus procedures are effective as of the date of approval of this Implementing Plan by the President.

The Dean is responsible for implementing and administering the school Plan, including the resolution of complaints and appeals.



**IMPLEMENTING PROCEDURES
FOR THE
HEALTH SCIENCES
COMPENSATION PLAN
(HSCP)**

APPROVED: MAY 19, 2015

EFFECTIVE: JULY 1, 2018

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**UNIVERSITY OF CALIFORNIA, RIVERSIDE
SCHOOL OF MEDICINE
IMPLEMENTING PROCEDURES
FOR THE
HEALTH SCIENCES COMPENSATION PLAN
Date Approved: 5/19/2015
Effective Date: 7/1/2015**

INTRODUCTION

Overview and Philosophy

Health Sciences education occupies a special place in American higher education with unique functions and responsibilities. In health sciences 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 medicine, dentistry, nursing, pharmacy, and other health science education as well, clinical teaching is integrated with basic and applied research. In joining the University of California system as its sixth and newest School of Medicine, the University of California at Riverside is committed to this same excellence in instruction, research, and public service in the health sciences just as it is committed to the same goals in other academic disciplines. Health science faculty members are expected to act as professional role models for all. 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 and at our UCR School of Medicine, special effort must be exerted to recruit and retain the best and most dedicated faculty.

The University of California Health Sciences Compensation Plans were established over the years to provide for quality across academic programs in the health sciences disciplines. These health sciences compensation plans must 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 or the President's designee.

Health sciences compensation plans must be clear and justify calculation of compensation and contain a mechanism for impartial review to protect the rights of individual faculty.

The Health Sciences Compensation Plan 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 may be amended or repealed at any time by the President, following consultation

with the Health Sciences Chancellors, Deans and appropriate Academic Senate Committee(s).

The implementation, administration and continued operation of this UCR School of Medicine Implementing Plan shall be, and is 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.

I. PURPOSE

The purpose of the UCR School of Medicine Implementing Procedures for the Health Sciences Compensation Plan (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 this Plan are:

- A. To provide sufficient non-State resources to recruit and retain outstanding health sciences faculty
- B. To encourage a balance among teaching, research, and service activities (including clinical practice) of the quality required in the University of California
- C. To provide teaching, patient care and research incentives that encourage and recognize academic merit as well as generation of income
- D. To offer consistent benefits and privileges to UCR Plan participants, consistent with other health sciences faculty and schools at all University of California campuses
- E. To benefit the UCR School of Medicine by providing academic and research support funds in addition to State-appropriated funds.

In adopting these Implementing Procedures, the faculty and administration of the School of Medicine at UCR affirm the philosophy and goals as outlined above and which are also included in the Regents' Plan.

Consistent with the Plan, this UCR School of Medicine Implementing Plan has been developed to foster academic balance among the joint responsibilities of teaching, research, and service activities (including clinical practice). This document constitutes the Implementing Plan and Procedures for the UCR School of Medicine.

II. REVIEW AND APPROVAL RESPONSIBILITY

A. 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 of the President, The Regents may amend or repeal the entire Plan or any portion thereof.

The President or the President's designee shall review Implementing Procedures for the school which has elected to participate in the Plan.

The President shall report to The Regents total compensation for any Plan participant which is greater than four times the highest step on the Professor Series Fiscal Year Salary Scale.

B. Role of the Chancellor

The Chancellor shall have operational authority over the development and, subsequent to review and approval by the President or the President's designee, implementation and monitoring of the School Implementing Procedures for administration of this Plan.

The Chancellor shall be responsible for assuring that affected Plan participants and the appropriate Academic Senate committees shall be afforded the opportunity to review and comment on the proposed campus implementing procedures. The Chancellor also shall approve individual exceptions to the provisions of this Plan to meet special teaching, research or clinical service requirements.

C. Role of the Academic Senate

The President shall consult with the appropriate Academic Senate committee(s) concerning proposed revisions of this Plan.

The UCR Academic Senate and other committee(s) shall be provided the opportunity to review and comment on any proposed exceptions to the School Implementing Procedures which the Chancellor intends to submit to the President or the President's designee for review.

D. Role of the Advisory Committee

A school-specific Advisory Committee which includes Senate and non-Senate faculty members representative of the disciplines and faculty series participating in the Plan shall be established to assist the Dean in resolving the issues that may arise from implementing the Plan.

The Committee assists in assuring compliance with and resolving issues on outside professional activities, conflict of interest, and conflict of commitment. The Committee also reviews the submissions of individual division or unit Implementing Procedures, when such plans may be developed for the UCR School of Medicine.

The Advisory Committee will consist of a minimum of six voting members, all of whom must hold faculty appointments and must be Plan Participants in good standing. No more than 50% of the voting members will be appointed by the Dean, and the remaining voting members of the Advisory Committee are elected by Plan members. At least one voting member should be in the Division of Biomedical Sciences and one member in the Division of Clinical Sciences. The Dean's appointed members should assure diverse representation. The terms of service will be three years; elected members may be re-elected for one additional consecutive term. The Senior Associate Dean for Finance and Administration and the Chief Privacy, Risk and Compliance Officer will serve as non-voting ex officio members of the Advisory Committee. The Dean will appoint the Chair.

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

- Development of the school Implementing Procedures, including the establishment of Good Standing Criteria, Academic Programmatic Unit (APU) assignments, and APU Scales.
- Divisional Implementing Procedures (when initiated) including methods for obtaining faculty input and for determining consistency with School Implementing Procedures.
- Review of potential conflicts between a Plan participant's commitment to generating revenue within the Plan and his or her outside professional activities.
- Review of faculty member appeals regarding implementing and administering the Plan that are not resolved at the Division or school levels or are submitted to the Advisory Committee as a result of a determination of loss of Good Standing. Academic Senate members may pursue their grievance rights before the Privilege and Tenure Committee under [Senate Bylaw 335](#). Non-Senate members are entitled to a Step III hearing under Academic Personnel Manual [\(APM\) - 140](#).

The Advisory Committee will provide an annual summary report on its activities to the Dean and Plan participants.

III. GOOD STANDING CRITERIA

Faculty members of the UCR School of Medicine must comply with the "Good Standing Criteria" in order to engage in outside activity and successfully progress academically. The faculty member is responsible for performing the duties assigned at the time of hire, as well as reasonable new duties assigned by the department in areas of teaching, research/scholarship, clinical care and University public service. Good Standing criteria for health sciences faculty will include expectations related to their academic series, divisional/unit expectations related to service, and expectations related to generation of salary support and to shared expenses, including expectations related to clinical practice for those faculty engaged in patient care.

A. Good Standing Criteria include (as example):

- 1) Fulfillment of clinical, teaching, research and administrative obligations, as assigned
- 2)
- 3) Keeping appropriate licensure and clinical privileges current
- 4) Meeting requirements for clinical coverage
- 5) Participation in divisional activities or revenue generation
- 6) Meet the Faculty Code of Conduct and other UC rules and regulations, including timely completion of all required compliance classes, meetings and procedures, provisions of accurate and timely documentation related to outside activities
- 7) Compliance with State and Federal regulations as related to professional activities
- 8) Collegial interactions with others
- 9) Compliance with guidelines on outside professional activities
- 10) Meeting other requirements as determined by the division/unit and described in these UCR School of Medicine Implementing guidelines

B. Loss of Good Standing Criteria:

A faculty member may fail to be in "good standing" for conduct which significantly impairs

the UCR School of Medicine's central functions of clinical care, scholarship, teaching, and University and public service. Loss of Good Standing may occur in the following instances:

- 1) Faculty misconduct
- 2) A negative five-Year review
- 3) Refusal or failure to participate in assigned duties, such as teaching, research/scholarship, clinical care, or administrative duties
- 4) Loss of clinical privileges (as required)
- 5) Loss of licensure and/or credentials (as required)
- 6) Refusal or failure to complete required trainings
- 7) Lack of compliance with University policy and/or reporting requirements
- 8) Failure to meet expectations of the Division/Unit related to the generation of salary support and/or shared expenses

C. Administrative Review Process for Loss of Good Standing:

- 1) In cases of disagreement related to the determination of Good Standing of a Plan Participant or to specific consequences, the Chair/Unit Director shall meet with the Plan Participant to discuss how to remedy the situation and review the specific consequences of lack of remediation, as determined by the Plan including, but not limited to, initiating the formal process outlined below. The Chair/Unit Director and the Plan Participant should strive for informal resolution, as appropriate to the circumstances. Informal resolution should strive to be completed within 6 weeks, or if additional time is needed, the Plan member will be notified as to the status and need for more time. The Chair/Unit Director shall prepare a written document that summarizes the discussion; a copy of this document shall be given to the Plan Participant within 2 weeks of the informal resolution process.
- 2) If informal resolution is unsuccessful, the Chair/Unit Director must provide a written statement that summarizes the reason(s) for requesting that a Plan Participant be deemed Not in Good Standing. The document should include recommendations on what actions the Plan Participant must take to reestablish good standing if they are deemed to be Not in Good Standing. Relevant back-up documentation should be included.
- 3) The Plan Participant shall be given a copy of the Chair's/Unit Director's written statement and have the opportunity to provide a written response to the Chair/Unit Director within 14 days. If the issue is resolved within the 14 day response period, the Chair/Unit Director shall provide the Plan Participant with a written document that the matter is closed.
- 4) If the issue is not resolved within the 14 day response period, the Chair's/Unit Director's written statement, any supporting documentation, and the Plan Participant's response (if provided) shall be sent to the Dean.
- 5) If the Dean agrees with the Chair's/Unit Director's assessment, the Dean shall issue a written determination that the Plan Participant is Not in Good Standing. This written document will describe any corrective action(s) that must be taken in order for the Plan Participant to return to Good Standing. A copy of the Dean's determination shall be provided to the Plan Participant and the Chair/Unit Director.
- 6) If the Dean does not agree with the Chair's/Unit Director's assessment, the Dean will issue a written determination that the Plan Participant remains in Good Standing. A copy of the Dean's determination shall be provided to the Plan Participant and the

Chair/Unit Director.

- 7) Any faculty member considered not in good standing will be notified by the Dean in writing. Notification will include reasons for the determination and any recommended remedy, as well as a time line to move back into good standing. Faculty members who believe that Good Standing Criteria have been applied unfairly may appeal to the Advisory Committee through its Chair (see below).

D. Appeal Process:

If a determination is made that the Plan Participant is Not in Good Standing and the Plan Participant believes that the Good Standing Criteria were applied unfairly, the Plan Participant may appeal to the Advisory Committee. The Advisory Committee shall review the documents, may interview the Plan Participant and/or the Chair/Unit Director, and prepare a written assessment for the Dean. The final decision will be made by the Dean. Plan Participants who are Senate members may pursue their grievance rights before the Privilege and Tenure Committee under [Senate Bylaw 335](#). Plan participants who are Non-Senate faculty are entitled to a Step III hearing under [APM - 140](#).

E. Consequences of Not Being in Good Standing:

The following consequences may be imposed on Plan Participants who are determined to be Not in Good Standing:

- 1) Must obtain advanced approval from the Division Chair to engage in any unassigned professional activities. If approved, all income from such approved activities shall accrue to the Plan and not to the faculty member.
- 2) Decrease in negotiated compensation (Y; see [APM - 670-18-c \(1\)](#)).
- 3) Loss of, or reduction in, incentive compensation (Z; see [APM - 670-18-c \(2\)](#))
- 4) Requests for any academic leave will not be approved and/or requests that were previously approved will be reconsidered.

F. Return to Good Standing:

To return to Good Standing, the Plan Participant must submit a written request to his/her Chair/Unit Director that outlines how the issues were resolved or rectified. The Chair/Unit Director shall review the request, assess the Plan Participant's progress and submit his/her written recommendation to the Dean, along with the Plan Participant's request and other supporting documentation. If the Chair's/Unit Director's written assessment states that no progress or insufficient progress was made, the Chair/Unit Director should specify in his/her written recommendation to the Dean what further actions must be taken.

If the Dean endorses the Chair's/Unit Director's assessment that no progress or insufficient progress was made, the Dean will notify the Plan Participant in writing that he/she is not returned to Good Standing and outline what further actions must be taken. A copy of the Dean's determination shall be provided to the Plan Participant and the Chair/Unit Director.

If the Dean determines that all issues were resolved, the Dean shall provide a written assessment to the Chair/Unit Director. The Chair/Director shall notify the Plan Participant in writing that he/she has returned to Good Standing. A copy of the Dean's assessment shall

be provided to the Plan Participant and the Chair/Unit Director.

If the Plan Participant does not submit a written request to the Chair/Unit Director, he/she shall remain Not in Good Standing.

If a Plan Participant remains Not in Good Standing for more than one calendar year, the Chair/Unit Director may wish to pursue further action(s), as set forth by other academic policies.

G. Appeal Process:

If the Dean determines that the Plan Participant has not returned to Good Standing and the Plan Participant disagrees with this determination, based upon unfair assessment or application of criteria, the Plan Participant may appeal to the Advisory Committee. The Advisory Committee shall review all written documents, may interview the Plan Participant and/or the Chair/Director, and will prepare a written assessment for the Dean. The final decision will be made by the Dean. Plan Participants who are Senate members may pursue their grievance rights before the Privilege and Tenure Committee under [Senate Bylaw 335](#). Plan participants who are Non-Senate faculty are entitled to a Step III hearing under [APM - 140](#).

Exceptions may be approved in writing in accordance with the School Implementing Procedures.

IV. MEMBERSHIP IN THE COMPENSATION PLAN

A. Membership Requirements:

Individuals in health sciences schools, disciplines or specialties that have been approved for participation in this Plan shall be members of this Plan if they hold a University appointment at greater than 50 percent of full time, funded by one or more of the participating health sciences units, in any of the following title series:

- 1) Professor
- 2) Professor In-Residence
- 3) Professor of Clinical X_ (*e.g., Medicine*)
- 4) Adjunct Professor
- 5) Acting Professor
- 6) Visiting Professor
- 7) Health Sciences Clinical Professor
- 8) Health Sciences School Dean titles
- 9) Any other title series approved for membership in this Plan by the President.

A member of the faculty who was appointed in a health sciences school at the time of their retirement may be recalled to participate in the Health Sciences Compensation Plan yet may not exceed a maximum total per each month of 43 percent of full time. Please refer to [APM - 205](#), Recall for Academic Appointees, for terms and conditions for Plan membership for

recall appointees. All other faculty participating in the Plan must hold appointments greater than 50 percent of full time.

Faculty recalled as members of the Plan are subject to all Plan rules and local implementation procedures and guidelines. Deans and other faculty administrators in Plan schools shall be members of the Plan if they hold an underlying Health Sciences Compensation Plan faculty title; however, salary and reporting requirements are defined by the personnel policies governing the administrative appointments.

Membership in the Plan is a term and condition of employment. All new and continuing eligible Plan members shall receive a copy of this Implementing Plan document and any other related School or Division Guidelines setting forth campus and Divisional Policy applicable to faculty covered by the Plan.

Faculty holding any of the titles 1 through 9 above with an appointment in more than one department or School may be considered for inclusion in the Plan if their appointment is more than 50% in a Division participating in the Plan and funded by one or more of the participating health sciences units. If included in the Plan, they will be subject to continued membership and all requirements of the Plan. Determination of and responsibility for the faculty member's salary must be jointly agreed to in writing by the Chairs of the affected Divisions/Departments, and approved annually by the Dean(s). The Division participating in the Plan is responsible for administering compensation, including health and welfare benefits.

Membership in the Plan shall continue while the Plan continues to be in effect. Separation from an eligible appointment will terminate membership in the Plan.

B. Exceptions to Membership Requirements

The Chancellor may approve exceptions to membership requirements in individual circumstances to meet special teaching, research, or clinical service requirements.

The Chancellor shall review and has authority to approve provisions in campus procedures, and requests by Deans in specific cases, for inclusion in the Plan of individuals in a health sciences school whose appointments are in the series listed in Section IV.a, regardless of percentage of time.

V. COMPENSATION

A. Total Compensation

Faculty members participating in this Plan shall:

- 1) receive base salary as described in Section B. below;
- 2) be eligible for optional additional compensation as described in Section C, below; and
- 3) be permitted to retain the other miscellaneous income as described in Section VI.I. and VI.M. below.

No State funds shall be used for the portion of base salary that exceeds the Health Sciences Compensation Plan Salary Scale (APU 0) for the faculty members rank and step (*i.e.*, X compensation as described below) or for any optional additional compensation as described at Section C. below. Compensation above base salary of X shall be funded using Compensation Plan funds and other non-State funds in compliance with any related fund source restrictions.

Payment under the Health Sciences Compensation Plan will be made directly to the Plan participant in his/her individual capacity and will not, absent prior approval from the President or the President's designee, be made to any professional corporation or other legal entity maintained by the Plan participant.

B. Base Salary

1) Academic Programmatic Unit (APU)

- (a) Each Division shall establish Academic Programmatic Units ("APU") to which an individual faculty member shall be assigned. Each APU shall be comprised of faculty members with similar clinical, teaching and research responsibilities. The Division Chair shall recommend an appropriate APU assignment for each faculty member of the Plan in her/his Division based on clinical, teaching and research responsibilities.
- (b) Each APU shall be assigned to an "APU Scale" between 0 to 9 (*i.e.*, 0, 1, 2, 3, 4, 5, 6, 7, 8, or 9). Assignments to the different APU Scales may be referenced as "APU 0", "APU 1", "APU 2", and so on.
- (c) In keeping with the responsibility of the University to ensure consistency of compensation by the creation of APUs or assignment of faculty to APUs, the following shall apply:
 - i. The Dean is authorized to approve the faculty composition of each APU and assignment of the APU Scale level to that unit as recommended by the Division Chair;
 - ii. Based on current numbers of faculty with clinical responsibilities of the UCR School of Medicine, a single APU may be comprised of fewer than 4 members. The Dean will annually provide to the Chancellor of UCR criteria for composition of any APU with fewer than 4 members, and the names, series, rank, and step of each member of the APU;

- iii. No individual faculty member may be moved from one APU to another without a significant change in duties. Division chairs shall report annually to the Dean the name of any faculty member who has moved from one APU to another and the reason for the transition;
- iv. Once assigned, an APU must remain at its assigned APU Scale level (e.g., APU4) for at least one year before being assigned to a higher or lower APU Scale;
- v. An APU is permitted to move to a higher or lower APU Scale level by a maximum of one level per year (e.g., APU 4 could move up to APU 5 or down to APU 3);
- vi. Any new APUs recommended to the Dean will include assessment and analysis of financial feasibility.

2) Base Salary X and X'

The component of base salary referred to as **X** for an individual is the approved rate on the applicable Health Sciences Compensation Plan Salary Scale (the "HSCP Salary Scale") associated with that faculty member's academic rank at an assigned APU Scale level of "0" (APU 0).

The component of base salary referred to as **X'** for an individual is calculated by multiplying the Base Salary X for that individual by the percentage assigned to his or her applicable APU Scale level as set forth in the HSCP Salary Scale.

For example and for demonstration purposes only, assume Base Salary X for an individual based on her/his rank is \$50,000 at APU 0. Further assume that the individual has been assigned to APU Scale level 3 and that this level is assigned 30% of APU 0 as set forth in the HSCP Salary Scale. Hence, the Base Salary X' for that individual at an APU Scale level 3 would be \$15,000 ($\$50,000 \times 30\% = \$15,000$). Total Base Salary for an individual would be $X + X'$. Thus, in the above example, total Base Salary would be \$65,000 ($\$50,000 + \$15,000$).

3) Retirement Plan

The Base Salary of both X and X' is covered under the University of California Retirement Plan (UCRP) up to the amount permissible under Internal Revenue Code provisions in accordance with UCRP provisions and regulations.

4) Off-Scale Salaries

Base Salaries that do not follow the APU and APU Scale calculation described above will be not awarded, unless such exception is approved by the Provost. Any exception is subject to a regulatory compliance review.

C. **Optional Additional Compensation**

Individual levels of compensation will be established so as to maintain academic balance and to permit the recruitment and retention of the individuals necessary for the School to fulfill its missions at a high level of excellence. Faculty members participating in this Plan shall

receive Base Salary and shall be eligible for additional compensation, as described below:

1) Negotiated Additional Compensation (Y Compensation)

Plan members may receive a negotiated fixed amount of additional compensation referred to as “Y Compensation.” This component of pay is beyond the base salary and is not covered compensation for UCRP, but may be eligible for optional disability and life insurance programs, where applicable.

The Y Compensation will be negotiated with the Chair on an annual basis in the third quarter of the academic year. Mid-year renegotiation of the Y Compensation is permitted only under unusual circumstances and only with the written approval by the Dean.

The Y Compensation will be based on activities such as research, (the number and quality of publications, the acquisition of peer reviewed research grants, and special research awards), teaching awards, clinical publications, administrative responsibilities (Division, School of Medicine, hospital, and national and international service work), as well as revenue generated from an individual’s personally performed clinical productivity.

2) Incentive/Bonus Compensation (Z Compensation)

Plan members may receive incentive or bonus compensation referred to as “Z Compensation”. Z compensation is not covered compensation for UCRP.

Department or Unit Plan Implementing Procedures shall describe the manner in which Plan Participants within a department, division or APU may earn Z Compensation beyond Base Salary and Negotiated Additional Y Compensation upon approval by their Chair/Director. Department/Unit Implementing Procedures should be submitted to the Advisory Committee for review as provided in Section II.D of this Plan. Department/Unit Plan Procedures shall be submitted annually by the third fiscal quarter to the Advisory Committee for review and comment. The Advisory Committee will ensure that individual Department/Unit Implementing Procedures are consistent with applicable policies and do not place the Department/Unit or UCR School of Medicine in an adverse financial position. Once reviewed by the Advisory Committee, Implementing Procedures shall be submitted to the Dean for approval to be effective in the following fiscal year. Department/Unit Implementing Procedures shall describe the calculation and payment methodology for Z Compensation.

3) Allocation of Z Compensation

Each **Plan Participant** may choose from the following allocation methodologies for Z Compensation.

(a) Option A: Z Compensation Payment

Plan Participant may request that Z compensation is paid as a “Z Compensation Payment” to the Plan Participant as faculty salary support on a quarterly basis following the close of each quarter (March 31, June 30, September 30, December 31). A “Z” payment may be paid earlier in the quarter if the Plan Participant retires or separates from University employment or upon approval of the Chair/Director.
Option A is the default option. It will be implemented each year for Plan Participants who do not select in writing and secure approval for another option

(i.e., Option B or Option C, below).

(b) Option B: Academic Enrichment Fund (AEF)

Plan Participant may request that Z compensation be allocated to an Academic Enrichment Fund ("AEF"). AEF account funds may be used to support University-approved academic professional activities by reimbursing expenses that can be characterized as either: (1) an allowable direct charge or (2) reimbursable University-related business expenses incurred and documented consistent with University business and finance bulletins and accounting guidelines in support of the Plan Participant's academic work. Once funds are allocated to an AEF, such funds may not subsequently be used for faculty salary support. If the Plan Participant retires or separates from University employment, the unexpended balance, if any, remains the property of the University. Funds may be allocated to an AEF under the conditions described more below in the Section 5, titled Conditions Governing Allocation of Funds to AEFs.

(c) Option C: Designated Academic Enrichment Fund and Z Compensation Payment

Plan Participant may request that a defined part (a flat dollar amount or a percentage) of Z compensation to be allocated to an AEF and that the remainder is paid to the Plan Participant as a "Z Compensation Payment" as faculty salary support. Each part of the allocated Z compensation is subject to the restrictions described in Option A or Option B, as applicable.

4) Conditions Governing Allocation of Funds to an AEFs

The following conditions shall apply to professional activity income earned by Plan Participants from outside UCR activities.

- i. All or a portion of a Plan Participant's academic outside professional activity income due to the Plan may be allocated to an AEF.
- ii. On an annual basis, if allowed by his/her department/unit guidelines, a Plan Participant may submit a request to the Chair/Director that funds be allocated to an AEF for the forthcoming fiscal year (July 1 through June 30). **The request must be submitted in writing prior to May 31 (i.e., in advance of the forthcoming academic year)** and approved prior to implementation (i.e., by July 1st).
- iii. A Chair/Director may submit a written request to the Dean's Office to allocate funds for the upcoming fiscal year to an AEF. The Dean or the Dean's designee must confirm his/her approval, if forthcoming, in writing.
- iv. Disposition of the funds in an AEF is under the auspices of the department/unit. The Chancellor or the Chancellor's designee, through the Chair/Director, has final authority over the use and distribution of funds held in an AEF.
- v. Once a request that funds be allocated to an AEF has been approved, the Plan Participant cannot change the designation of such funds.

- vi. The department/unit must maintain detailed records that are readily available for audit and other appropriate reviews and support the allowable nature of the reimbursable academic professional expenses that are paid from the AEF. Plan Participants must submit all required supporting documentation for reimbursement consistent with University accounting guidelines. Unspent travel advances or any other disallowed amounts charged to the AEF must be repaid by the Plan Participant consistent with University accounting guidelines.
- vii. An AEF can maintain a positive balance at the end of an academic year that may be carried forward to the next academic year, if approved by the Chair/Director, in his or her discretion. Disposition of year-end positive balance is communicated annually to the Plan Participant at the time requests for allocations to AEFs are made.
- viii. In the event of termination or resignation, AEF funds remain the property of the University.

5) Withholding

Negotiated Additional and Incentive/Bonus Compensation paid to faculty through the University payroll system will be subject to Federal and State withholding, and will be reported on a W-2 form as wages.

D. Additional Provisions

1) Provisions Related to Compensation, Billings, and Outside Professional Activities

- i. A fully distributed costing of shared expenses will include (but is not limited to) rent (if applicable), support staff, medical student/residency program expenses not covered by other sources, fixed research expenses not covered by grants, clinical patient care expenses, etc. These shared expenses apply to the Z pool and equally to contributing faculty.
- ii. Each individual will be responsible for their own travel expenses along with books, journals, and research costs not covered by grants. In the event that a member does not make his or her negotiated salary in the fiscal year, a salary reduction for the ensuing year may occur at the Dean's discretion. The reduced salary will not drop below the base salary set for that APU Scale level ($X + X'$).
- iii. By December of each taxable year, each faculty member will be required to complete and submit an Outside Professional Activities disclosure to the Dean.
- iv. Shared expenses will also include, if applicable, payments specifically for malpractice coverage, California state medical license renewal, DEA controlled substance license, and hospital staff dues.
- v. Individual salaries shall be negotiated annually by the individual and the Chair/Unit Director and documented in writing.

- vi. Faculty with clinical responsibilities will be given a monthly statement from the billing service of the UCR Medical Group outlining their total billings to date, collections, and accounts receivable for personally performed clinical services.

2) Treatment of Accounts Receivables upon Separation

In recognition of the principle that the Plan is an approved administrative structure within the University of California and that funds generated from professional services of the faculty are, by virtue of Plan membership, due to the University of California as herein provided, the Plan members recognize that upon separation (e.g., termination, resignation) a faculty member does not have rights to monies accruing in the accounts of the Plan or the accounts of the various departments, and that nothing in these Implementation Procedures shall be construed as creating an interest in accounts receivable resulting from prior professional service. Upon termination, a faculty member will be paid the approved compensation through the effective date of termination.

Faculty who were members of the Compensation Plan for the full fiscal year shall be eligible to receive Z Compensation for that year, in accordance with their department compensation plan procedures, regardless of their employment status at the time of distribution of the Z payment.

3) Professional Fees and Income

All income due the plan, including clinical income and post-threshold professional income will be deposited into the UCR School of Medicine compensation plan revenue fund. This applies to clinical work done at outside facilities, satellite clinics, or offices.

E. Administrative Stipends

Plan members may receive administrative stipends, defined as payments by the University for responsibilities related to University administration beyond normal responsibilities.

F. Annual Notification

On an annual basis, each faculty member of the Plan shall receive in writing from the Dean a Statement of Proposed Compensation for the forthcoming academic period July 1 – June 30.

This annual statement will include:

- (a) The amount of UCRP covered base salary compensation ($X + X'$);
- (b) APU Scale level assignment (APU Scale 0 – 9);
- (c) The amount of negotiated additional Y Compensation;
- (d) The payment schedule for Incentive/Bonus compensation (Z Compensation) and the Department/Unit and/or UCR School of Medicine assessment policy for Z Compensation payments.

VI. CONFLICT OF COMMITMENT AND OUTSIDE ACTIVITIES OF HSCP PARTICIPANTS

The [APM 671](#) policy on conflict of commitment and outside activities and the disposition of income earned from outside professional activities provides guidance for the identification and management of outside professional activities in order to avoid conflicts of commitment, while

assuring that the Plan participants may engage in a wide array of outside activities without unnecessary limitations. [APM 671](#) is specific to faculty members who are participants in the Health Sciences Compensation Plan.

Outside professional activities must be undertaken in a manner consistent with the faculty member's professional obligations to the University. Outside activities must not conflict with the faculty member's obligations to students, colleagues, or to the University as a whole. In order to fulfill those obligations, faculty members must maintain a significant presence on campus, meet classes, keep office hours, hold examinations as scheduled, be accessible to students and staff, be available to interact with University colleagues, and share service responsibilities throughout every quarter or semester of active service.

A. Time Limits

The total number of days Plan participants may devote to compensated or uncompensated outside professional activities must not exceed 21 days. The Plan recognizes and supports a framework of diverse hours and schedules to accommodate teaching, research and creative work activity, University service and University-related public service, and a day for most faculty exceeds eight hours. However, total time, defined in these guidelines totals 168 hours over 21 days.

B. Annual Outside Professional Activities Earnings Approval Threshold

The maximum annual outside professional earnings approval threshold for the UCR School of Medicine is \$40,000, or 40% of the assigned Health Sciences Compensation Plan Scale 0 (X), whichever is greater. All income from activities beyond the earnings threshold is due the Plan (even if the time threshold has not been reached.)

A Plan participant who has satisfied the Good Standing Criteria established in accordance with [APM - 670-10](#), who has not exceeded the limit on the number of days devoted to outside professional activities established in these Implementing Procedures, and whose annual earnings from all outside professional activities will not exceed the approval threshold is allowed to engage in outside professional activities (other than patient care) in accordance with all applicable University policies.

C. Retention/Non-Retention of Income

Income earned above the approval threshold of \$40,000 or 40% of the assigned HSCP Scale 0 (X), with the exception of income earned from Category III activities (see [APM - 671-10-a-\(3\)](#) for a description of Category III activities) and certain other activities listed in [APM - 671-10-b](#), must be deposited to the Plan. Categories I and II includes activities that must be reported whether they are compensated or uncompensated and in the case of Category I, must receive prior approval before the faculty member engages in the activity. (see [APM 671-10-a-\(1\)](#) and [\(2\)](#))

Plan members of the UCR School of Medicine are not permitted to accept a salary or other regular income from any institution other than UC Riverside.

D. Additional Guidance on Outside Activities

Faculty members have an obligation to disclose financial interests before making or participating in certain activities. The University policy ([APM - 671](#)) related to Conflict of Commitment and Outside Activities of faculty members can be found at: <http://www.ucop.edu/academic-personnel-programs/files/apm/apm-671.pdf> Additional reporting, disclosure and disqualification requirements can be found in the Political Reform Act of 1974, including the Academic Decision Regulation; and in the University's Conflict of Interest Code, which requires designated University employees to disqualify themselves from participating in a University decision in which they have a personal financial interest. Faculty may obtain information about these requirements through the campus office of Legal Support Services.

Income due the Plan is subject to established Departmental and/or School assessment policies. (*see section VIII.C. Assessment of Professional Income*)

Departments have the authority to determine the amount of deposited income that may be set aside for academic enrichment. Academic Enrichment Funds are established by departments to support the academic, research and professional development activities of the faculty by allowing direct charge or reimbursement of business-related expenses

E. Exceptions Request

Each Plan participant shall be responsible for maintaining a running total of his or her time devoted to and annual earnings derived from all outside professional activities whether they exceed the time or earnings threshold and whether the funds are due to the Plan. Plan participants who wish to exceed the time threshold as established must forward all such requests via the Chair/Unit Director to the Dean for approval and submission to the Chancellor prior to engaging in activity(ies). Requests should include the following information:

- relevant details about the proposed engagement or schedule of engagements;
- nature of the services to be provided;
- person or entity(ies) who will receive and/or pay for the services
- anticipated period of service and/or days to be devoted to the activity;
- total expected income from the activity; and
- amount by which the participant's total annual earnings from outside professional activities are expected to exceed the threshold.

The Chancellor's approval must be in writing. All income from activities beyond the time threshold are due the Plan (even if the earnings threshold has not been reached) and will be submitted for deposit into the appropriate medical school compensation plan revenue account. All such payments are due upon receipt.

After a Plan participant has received approval to engage in an activity that may cause his or her time allotment and/or annual earnings from outside professional activities to exceed the

approval threshold, he or she must request the Chair/Unit Head's approval for any subsequent engagement(s). If such engagement(s) is/ are approved, they shall be undertaken with all related income accruing to the Plan unless an exception is approved in writing.

The UCR School of Medicine will have both a 21 days of service and an earnings threshold of \$40,000 (or 40% cap) annually. Earnings generated above the cap, even with Dean's consent, within the 21 days threshold will be due the Compensation Plan. If income from an activity is expected to cause the Plan participant's total annual earnings to exceed the greater of \$40,000 or 40% 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.

Plan participants shall immediately notify their Chair/Unit Heads if they inadvertently exceed the time limits or earnings threshold or if any of the information they provided in an approval request is inaccurate or has changed since the initial notification. For example, a participant should immediately notify his or her Chair/Unit Head if the earnings estimate from an outside professional activity was understated. Plan participants are subject to corrective action and disciplinary measures as outlined in [APM - 671-26-b](#) for violation, neglect, or manipulation of Plan requirements.

F. Students

Involvement of students in the outside professional activities of a faculty member may, under certain conditions, offer the student potential educational benefits. However, the relationship between the faculty member and the student must be protected from influences or activities that could interfere with the student's learning and must be consistent with the goals and ideals of the University (The Faculty Code of Conduct, [APM - 015](#)). A faculty member involving a student in outside activities has the responsibility to ensure that the student's participation does not interfere with the student's academic obligations.

If the faculty member has, or expects to have, academic responsibility (instructional, evaluative, or supervisory) for the student, the faculty member must obtain prior written approval from the Chair/Unit Head before involving a student in an outside professional activity regardless of whether the faculty member is compensated for or has a financial interest in the activity. Involvement of students means any substantive activity in which the student participates, whether the student is compensated or uncompensated. The involvement of a student in the outside professional activity of a faculty member must not affect, positively or negatively, the faculty member's evaluation of the student's performance in any other context.

G. Use of University Resources

The use of University resources in connection with outside professional activities is subject to limitations. The Faculty Code of Conduct ([APM - 015](#), Part II, C) defines 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. The Standards of Ethical Conduct, as adopted by The Regents, state that University resources may only be used for activities that are undertaken on behalf of the University. The University's resources may not be used for private gain or for personal purposes.

Reasonable use of UCR School of Medicine equipment and university resources is acceptable and may include the following: use of office email, scanners, telephones or faxes for incoming or outgoing communications, but not long-distance charges (which should be reimbursed to the University by the individual incurring them); use of departmental offices for interviews or other similar activities, unless usage creates difficulties for other School of Medicine scheduling access; using administrative support personnel to accept phone calls, take messages, and schedule appointments at the request of individuals outside the university (but not asking staff to arrange meetings, prepare materials, arrange travel, etc. when these activities relate to outside professional activities).

H. Liability Coverage

The University's liability and workers compensation coverage does not extend to activity that is outside of the course and scope of the participant's University employment. Some outside professional activities, particularly certain consulting and expert witness testimony, would generally be considered outside the course and scope of University employment, depending on the facts and circumstances of any given case. Questions about University liability coverage in connection with a specified activity or exposure should be discussed with the Office of Risk Services at the Office of the President.

I. Categories of Outside Professional Activities

Professional activities are separated into three categories.

1) Category I

- (a) Category I activities are outside professional activities that are most likely to create a conflict of commitment because: 1) they are activities related to the training and expertise which is the individual's qualification for University appointment, but performed for a third party, and/or 2) they require significant professional commitment.
- (b) Category I activities require prior approval by the Chancellor and require disclosure in annual reporting. Category I activities count toward the faculty member's time threshold for outside professional activities (see [APM - 671-8-b and Appendix C](#)), and earned income counts toward the earnings approval threshold (see [APM - 671-8-c](#)).
- (c) Category I activities include, but are not limited to:
 - i. Teaching, research, or administration of a grant at an educational institution, trust, organization, government agency, foundation, or other entity outside of the University;
 - ii. Employment outside of the University;
 - iii. Assuming a founding/co-founding role of a company;
 - iv. Assuming an executive or managerial position outside of the University.

2) Category II

- (a) Category II activities are typically shorter term outside professional activities that are outside the course and scope of University employment. Category II activities have a lesser potential for a conflict of commitment than do Category I activities.
- (b) Category II activities require disclosure in annual reporting under this policy, but do not require prior approval. Category II activities count toward the faculty member's time allotment for outside professional activities (see [APM - 671-8-b and Appendix C](#)). Income earned from these activities count toward the earnings approval threshold (see [APM - 671-8-c](#)). Prior approval is required if the time and/or earnings thresholds are exceeded.
- (c) Examples of Category II activities include, but are not limited to:
 - i. Additional University-compensated teaching, including teaching for UNEX courses and programs (see [APM - 662](#), Additional Compensation: Additional Teaching), other continuing health education programs run by the University, and self-supporting UC degree programs;
 - ii. Consulting under the auspices of the University of California;
 - iii. Consulting or testifying as an expert or professional witness;
 - iv. Consulting for for-profit entities;
 - v. Consulting for non-profit entities;
 - vi. Consulting for non-profit health or education-related organizations;
 - vii. Consulting for government agencies;
 - viii. Serving on a board of directors outside of the University whether compensated or uncompensated;
 - ix. Providing or presenting a workshop for industry;
 - x. Providing outside consulting or compensated professional activities performed for entities such as the Los Alamos and Lawrence Livermore National Laboratories;
 - xi. Other income-generating activities specified in approved Implementing Procedures.

3) Category III

- (a) Category III activities are within the course and scope of University employment. As such, they are unlikely to raise conflict of commitment issues.
- (b) Category III activities, even if compensated, do not require disclosure in annual reporting or prior approval under this policy, do not count toward the faculty member's time threshold for outside professional activities, and the income does not count toward the earnings approval threshold. Nevertheless, these activities must not interfere with a faculty member's obligations to the University (see [APM - 671-8-a](#)).
- (c) Examples of Category III activities include, but are not limited to:
 - i. Serving on government or professional panels or committees or as an officer or board member of a professional or scholarly society;
 - ii. Reviewing manuscripts; acting in an editorial capacity;

- iii. Attending and presenting talks at university/academic colloquia and conferences; and
- iv. Developing scholarly or creative works.

J. Other Activities

Income from the following activities may be retained by Plan participants and does not count toward the earnings approval threshold. Time related to these activities does not count toward time limits.

- 1) Prizes, defined as gifts in recognition of personal achievements and not for services rendered;
- 2) Royalties, defined as shares of proceeds for contributions as authors or inventors, as allowed under the University's copyright and patent policies;
- 3) 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;
- 4) University honoraria, defined as payment for occasional lectures or similar services performed on a University of California campus as permitted by Academic Personnel Policy (see [APM - 666](#), Additional Compensation: Honoraria) and relevant campus policies;
- 5) Administrative stipends;
- 6) Income from a profession unrelated to the training and experience which is the individual's qualification for University appointment.

K. Disclosure Requirements

Faculty are responsible for disclosing all situations that may raise conflict of commitment issues in the following manner:

1) Prior Approval Requirements

All Category I activities and requests to exceed the time or the earnings approval threshold require prior written approval from the Chancellor in advance of performing the activity.

2) Reporting Requirements

Each Plan participant must provide an annual report of outside professional activities to their Chairs/Unit Head by November 1st each year, even if the faculty member did not engage in outside professional activities during the year. Faculty must report annually all Category I and II outside professional activities that were conducted during the prior 12 months, including activities conducted during normal service periods and during periods of leave with pay. All earnings derived from these activities must be reported as well. The report will include:

- (a) Number of compensated dates involved

- (b) Description of service performed
- (c) Name of organization or person who received the service
- (d) Type of organization (e.g., non-profit, for-profit, government agency, etc.)
- (e) Amount of compensation

L. Disposition of Income Due the Plan

If there is income due the Plan above the \$40,000/40% or 21-day maximum time limits, it will be added to the calculation for the bonus (Z).

M. Non-cash Compensation

Professional income governed by the Plan includes not only cash compensation, but also non-cash compensation. Faculty who receive stock or stock options in lieu of compensation for outside professional activities must disclose them to the Dean's Office within 30 days of receipt, and the stock/stock options will be valued at that time. If the purchase price is less than the stock/stock option's valuation on the day of receipt, the difference between the purchase price and the value of the stock/stock options is due the Plan. Faculty must count this difference in their earnings threshold. Faculty who neglect to disclose the stock/stock options at the time of receipt will owe the Plan the difference between the initial purchase price and the market value at the time it is disclosed.

N. Policy on Requirement to Submit Proposals through the University

The Policy on the Requirement to Submit Proposals and to Receive Awards for Grants and Contracts through the University was issued by the University's President on December 15, 1994 and applies to all faculty members. Faculty who receive any part of their salary through the University, or whose activities use any University resources or facilities, must submit their proposals for extramural support through the UCR Office of Research and Economic Development..

O. Restrictions

A faculty member shall not engage in any outside professional activity that creates a conflict of commitment.

Patient care (clinical) activities must be provided within the University setting, or as part of an approved affiliation agreement or professional service agreement. All clinical income is due to the Plan. In no case will Plan participants be allowed to retain income from patient care (clinical) activities.

P. Monitoring and Enforcement

University reserves the right to take corrective action and disciplinary measures toward any Compensation Plan member who fails to comply with Compensation Plan Implementing Procedures or Guidelines on outside professional activities.

Situations where Compensation Plan members will be considered out of compliance include, but are not limited to:

- 1) Failure to turn over income due to the Plan as required by school Implementing Procedures or Guidelines
- 2) Failure to obtain prior written approval for Category I activities or for involving a student in outside professional activities
- 3) Failure to comply with time limits for Categories I and II activities
- 4) Failure to accurately disclose and describe the nature and scope of Category I and II outside professional activities and earnings derived from those activities

The primary means of monitoring compliance will be review by Chairs of information provided by the faculty member in annual reports on outside professional activities. If a Chair has any concerns about whether a Compensation Plan member is meeting the established standards, the matter may be referred to the Dean. The responsibility for oversight of the outside professional activities of Chairs shall reside with the Dean.

If the Chair or the Dean has reason to believe that a Plan member has not complied with the school Implementing Procedures or Guidelines on outside professional activities, the Dean may take appropriate corrective action. Corrective action refers to the discontinuation of certain privileges available only to Plan members, in particular the opportunity to earn and receive compensation above the fiscal year salary scale through the Compensation Plan, because of noncompliance.

For example, corrective actions may include:

- Incentive or bonus compensation (commonly referred to as Z compensation) may be suspended until such time as the Plan member complies with the Compensation Plan provisions, or
- Additional negotiated compensation (commonly referred to as Y compensation) may be set with consideration of the Plan member's prior performance, including compliance with implementing procedures on outside professional activities.

Compensation established in accordance with the specialized Health Sciences Salary Scales (commonly referred to as X, X' compensation) shall not be reduced as a corrective action unless the Plan member is placed, by Chancellorial exception, on the fiscal year salary scale (Scale 0).

Reductions in compensation are not always the result of corrective action and may also occur for other reasons such as insufficiency of current year income and contingency reserves. Whenever there are reductions in compensation, faculty shall be notified in writing by the Department Chair.

In addition, corrective action will not preclude administrative remedies, sanctions or disciplinary measures in accordance with [APM - 016](#), University Policy on Faculty Conduct and the Administration of Discipline and [APM 150](#), Non-Senate Academic Appointees/Corrective Action and Dismissal. Violations by faculty members of either the time limits or earnings approval thresholds for outside professional activities represent an unauthorized use of University resources and/or retention of funds that belong to the

University.

Q. Complaints and Appeals

Faculty members who have a complaint about issues related to outside professional activities or conflict of commitment should first try to resolve the issue at the Division/Unit level. If the complaint cannot be resolved through discussions, the faculty member's complaint and the Division Chair/Unit Director's response should be documented. If the faculty member is dissatisfied with the Division Chair/Unit Director's decision, she/he should file a formal complaint with the Dean. The Dean will charge the Advisory Committee with fact finding. Both the Division Chair/Unit Director or their designee and the faculty member will have the right to be heard by the Committee. The Committee will issue a formal recommendation for resolution to the Dean. The Dean will make the decision based on the recommendations of the Committee. If the faculty member is dissatisfied with the Dean's decision, s/he can pursue administrative remedies through applicable campus academic personnel processes. Senate faculty may pursue their grievance rights under the terms of [Senate Bylaw 335](#). Non-Senate faculty may pursue their grievance rights under the terms of [APM - 140](#).

VII. BENEFITS

Benefits provided as outlined below are consistent with benefit levels approved by the Regents. The UCR School of Medicine will not offer faculty benefits beyond those approved by the Regents.

A. Base Salary-Related Benefits

Base salary-related benefits are associated with an individual's base salary from one of the Health Sciences Salary Scales paid through the University of California payroll system. These benefits may include participation in the UCRP, health care benefits, disability benefits, regular term life insurance, and other benefits as may be approved by The Regents under the same eligibility requirements as to all other members of the University's faculty.

B. Optional Benefits on Additional Compensation

The Regents have authorized some disability and life insurance benefit programs related to health sciences additional compensation beyond the base salary. These programs must be approved by the Office of Human Resources, Office of the President. Policies governing optional disability and life insurance programs on additional compensation are available from that office.

C. Paid Leave

Plan members who are eligible for sabbatical leave, leave with salary, or extended illness leave will be granted such leave paid at least at the Health Sciences Scales Base Salary rate (X, X'). A Plan member who leaves University service or transfers from a vacation-accruing title to a non-accruing title shall be paid for accrued vacation at the Plan member's total negotiated salary rate at the time of separation.

With the exception of the two provisions below (Extended Illness and Childbearing and Childrearing), members of the Plan are eligible for leaves as defined in [APM - 710 - 760](#).

Faculty members remain members of the Compensation Plan while on paid leave, even if total salary is dropped to base. While on paid leave, faculty members are bound by the rules of the Plan.

1) Extended Illness

Members of the Plan who are appointed full-time to at least a twelve-month term who are unable to work for reasons of extended personal illness, injury or disability, shall be granted paid medical leave up to 90 days at the approved Health Sciences Scales Base Salary rate (X + X'). The Y component of the salary will be included only if a grant, the Division or the Unit has available funds.

Faculty who can perform part of their usual duties or other duties assigned will be required to do so. With appropriate documentation, which may include a physician's certification of disability, and/or an outside third party review (at the School's expense), the School will provide salary continuance during periods of extended illness or disability as follows:

Faculty members who are still unable to return to work will then need to rely on employee-and/or employer-paid plans (whether through the University or privately-funded) for income while eligibility for disability benefits continues. Faculty should consult current plan documents for complete information about the University plans available and the coverage they provide.

2) Childbearing and Childrearing

Childbearing and childrearing leaves shall be approved consistent with [APM - 760-25](#). In no case shall childbearing and childrearing leave be less than the minimum time period or base salary rate of pay as allotted under [APM - 760-25-b](#).

The School of Medicine will not distinguish between academic senate and non-senate members for the purposes of maternity leave for a faculty member who bears a child even if the member has served in their faculty title less than 12 consecutive months. It is expected that the funding sources supporting a faculty member's base salary (X + X') at the time of her childbearing leave will continue to be used during childbearing leaves. If additional leave is required for medical reasons, the School's policy regarding leaves for extended illness shall apply.

3) Other Paid Leave

(a) Vacation: Accrued vacation may be approved for use during periods of extended illness, disability, and child bearing/child rearing/approved family leaves.

- (b) **Sabbatical Leave:** Sabbatical leaves are a privilege accorded to eligible Ladder Rank faculty to allow them to engage in periodic and intensive programs of research and study (see [APM 740](#)). During an approved sabbatical, the salary rate will at a minimum be equal to the individual's rate of covered compensation ($X+X' (1 - 9)$). Additional compensation (Y portion) may be granted from the same or similar sources as those providing negotiated compensation prior to the period of leave (i.e., faculty may not accept salary directly from another institution while on sabbatical), but any salary above covered compensation (base) shall be limited by the availability of extramural, clinical or other discretionary funds. Total salary during sabbatical leave from all sources may not exceed the faculty member's total salary prior to the leave. Faculty shall remain members of the compensation plan and subject to all of its requirements while on sabbatical leave.
- (c) **Professional Development Leave:** Faculty who are members of the Academic Senate but not eligible for sabbatical leave may apply for professional development leave. Such leaves will generally not be approved for more than six months' duration. During an approved professional development leave (at the discretion of the Dean), the salary rate will at a minimum be equal to the individual's rate of covered compensation (Scale 1 – 9). Additional compensation may be granted for the same or similar sources as those providing negotiated compensation prior to the period of the leave (i.e. up to the $X + X' + Y$) if such funds are available. Total salary during professional development leave from all sources may not exceed the faculty member's total salary prior to the leave. Faculty shall remain members of the compensation plan and subject to all of its requirements while on professional development leave.
- (d) **Other:** On occasion, leaves of absence with pay may be approved for good cause (for example, during military service or for brief periods of governmental service); salary during such leaves will in general be at the full negotiated rate at the recommendation of the Chair with concurrence of the Dean.

These paid leave provisions are available to Plan members who are appointed less than 100%, after having been employed for at least one full year, for the length of paid leave prorated according to the percentage appointment, and paid at the full Health Sciences Scales Base Salary rate or total negotiated salary rate.

4) Leaves Without Pay

In addition to the types of leave described above, leaves of absence without pay for other good cause (e.g., for family care or other personal reasons) may be granted, subject to approval by the Chair and Dean. In general, such leaves may not exceed one year. However, during such periods of leave, faculty may not engage in compensated outside professional activities consistent with the guidelines of this Implementation Plan, and they shall remain members of the compensation plan and subject to all of its requirements. Exceptions to this policy are granted only in extraordinary circumstances, or where other policy or formal agreements supersede compensation plan policy (for example, in cases of extended governmental service or for faculty placed on administrative leave).

VIII. 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 considered 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 VI of the Plan. 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 in accordance with Internal Revenue Service (IRS) Regulations and University policies and procedures. All compensation must be included in the employee's income as wages subject to withholding for applicable Federal, State and FICA taxes. Eligibility and withholding for benefits (such as the University of California Retirement Plan, Retirement Savings Programs and employee life insurance programs) will be determined based upon the University's policies and procedures. School Implementing Procedures will include billing and accounting procedures necessary to assure accountability for all funds. All financial transactions shall be approved, documented, and otherwise processed or executed in accordance with University policies, procedures and delegations of authority.

- (a) Professional fee billing (including, and not limited to clinical revenue, for-profit consulting income, expert witness fees) is due the Plan and collection activities shall be conducted by authorized University billing groups, by external vendors with which the University has contracted, or as otherwise permitted by University procedures. All such fees shall be deposited upon receipt by the University or by an external vendor in a University bank account established in accordance with University delegations of authority.
- (b) Contracts with external billing vendors shall be processed and executed in accordance with delegated authority and University purchasing policies and procedures. They shall contain standard University-approved clauses, be subject to audit, and provide for monthly transmission of billings and receipt information to the University. Specific University-wide regulations may be developed for such contracts as needed to assure that funds are accounted for, safeguarded, and appropriately managed.

2) Reports

The accounting standards specified in the University of California Accounting Manual will be used in reporting income and expenses in all compensation arrangements.

B. Accounts and Sources

All income generated by a Plan member's professional activities (e.g. all income due the Plan, including but not limited to clinical revenue, consulting income and professional/legal

witness fees) shall be managed by, accounted for, and reported as revenue of the University; the only exception to this requirement shall be income that the Plan participant is allowed to retain in accordance with this Implementing Plan. All income owed to the University must be submitted to the Dean's Office for deposit into the appropriate UCR School of Medicine professional fee revenue account.

All income owed the University must be deposited in accordance with University cash/check handling policies and procedures and recorded in the appropriate revenue account and a fund within the UCOP fund group 409140. For payments made directly to the individual Plan Participant and owed to the Plan, the check should be endorsed payable to "The Regents of the University of California" and deposited in the same fund. A receipt for each such deposit should be provided to the Plan Participant.

In accordance with the Plan, all professional fee billing and collection activities shall be conducted by a University billing group or by an external vendor which has been approved by the Dean or the Dean's designee.

Compensation Plan fund accounts will be structured so that each Division/Unit has at least two distinct funds: a current-year operations fund and a prior-year fund to which accumulated surpluses will be transferred.

All fund accounts shall be separate University accounts and shall receive Plan income from the following sources:

- 1) Income from professional services;
- 2) Amounts paid by University hospitals or affiliated institutions for professional and managerial services rendered to the hospitals by participants in the Plan;
- 3) Such other funds as are required by the Chancellor or 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.

Reports: The accounting standards specified in the University of California Accounting Manual must be used in reporting income and expenses in all compensation arrangements.

C. Assessment of Professional Services Income

Professional Service Income of UC Plan Members is reported on an annual basis to system wide UCOP and senate committees. An assessment rate on the Plan members' gross professional fee collections is annually recommended by the Dean and approved by the Chancellor for the UCR School of Medicine to provide sufficient funds to cover expenses

associated with plan members. The assessment rate will be calculated annually after presentation of income and expenses to the UC Plan members and in consultation with the Advisory Committee as listed in V, section C to provide sufficient funds to cover expenses. Accounting will be fully transparent and available for faculty review.

The assessment rate is currently at 10% on gross receipts in the current year Professional Fees revenue fund. The assessment rate on Outside Professional Income deposited to the Plan can be reset on an annual basis in consultation with the Advisory Committee but authority rests with the Dean and Chancellor (*see APM 670 Appendix C*).

D. Contingency in Event of Inadequacy of Health Sciences Fund Accounts

An appropriate reserve account will be set aside to enable the school to build an adequate reserve contingency fund in the event that current year fund accounts are inadequate to meet annual commitments. The purpose of the reserve(s) is to provide the funds necessary to pay Plan expenses, including the agreed-upon compensation to each Plan participant, in the event that the current year income of the Plan is insufficient to do so.

If the reserve funds are insufficient for the purpose, other non-restricted and non-19900/state fund balances will be utilized within the School, and in the event that resources are still inadequate to meet annual commitments, the Dean will seek approval from the Chancellor to reduce the participants' additional compensation in a uniform manner in accordance with any fund source restrictions across the school, Division, or Unit as recommended by the Dean and approved by the Chancellor.

E. Budgeting

Each Chair/Unit Director shall develop and submit to the Dean each year an annual budget projecting income and expenses for the upcoming year as part of its annual faculty salary budget submission. The Plan clearly indicates the funding mechanism for all benefits provided under the provisions of the Plan.

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, and for related professional operating activities
- 2) To the extent that funds remain after expenditures for clinical practice costs, 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, benefits approved in accordance with Section VII may be paid.
- 4) To the extent that funds remain after all the foregoing expenditures, funds shall be contributed to the reserve(s) for contingencies in an amount recommended by the Dean and approved by the Chancellor.

- 5) When a health sciences 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 Division of origin (including but not limited to salaries for support personnel) as recommended by the Chair/Unit Director and approved by the Dean;
 - (b) The remainder may be used for other purposes in the school or campus as recommended by the Dean and approved by the Chancellor.

IX. PROCEDURES/REVIEW PROCEDURES

A. Annual Notification

Once per fiscal year, the Chair or Unit Director shall provide each member of the Plan a written notification of the member's total annual compensation. This notification shall include:

- 1) The amount of UCRP-covered salary (X and X');
- 2) APU and HSCP Salary Scale assignment (HSCP Scale 1 – 9);
- 3) The amount of negotiated additional compensation (Y); and
- 4) The payment schedule for Incentive/Bonus compensation (Z) payments and the departmental and/or school assessment policy for Z payments.

B. Implementation

The Implementing Plan for the UCR School of Medicine is designed to be consistent with the policy framework of the Regents' Plan for Health Science Compensation Plans. Revisions to the School's Implementing Procedures that are necessitated by revisions to the Plan shall be submitted for the President's or the President's designee's review within one year of approval of said Plan revisions. School Implementing Procedures may be made effective as of the effective date of such revisions to the Plan, or at any time thereafter, as authorized by the President or the President's designee.

Campus procedures are effective as of the date of approval of this Implementing Plan by the President.

The Dean is responsible for implementing and administering the school Plan, including the resolution of complaints and appeals.