Report from the Subcommittee of the Committee on Academic Planning & Budget: Proposed Modification to the Health Sciences Compensation Plan

February 17, 2011

EXECUTIVE SUMMARY

The Committee on Academic Planning and Budget proposes revision of APM-670: Health Sciences Compensation Plan and Guidelines on Occasional Outside Professional Activities for Health Sciences Compensation Plan Participants. Changes are designed to mitigate the effects of continuing declines in salary compensation and looming new expenses for post-employment benefits, to foster a work environment that supports professional excellence and growth, and to restore parity on occasional outside activities with professional schools on general campuses.

Recommendations for implementation on or before 1 July 2013:

1. Compensation Limit on Occasional Outside Professional Activities: The maximum annual earnings threshold is set at $40,000 (currently $20,000) or 20% of the Health Sciences Compensation Plan (Plan) Salary Scale for the faculty member’s rank, step, and academic programmatic unit, whichever is greater (APM-670 Guidelines on Occasional Outside Professional Activities for Health Sciences Compensation Plan Participants, Section II.C.4.c, Page 6). Total cumulative taxation by UCSF and UCOP on these outside earnings shall not exceed 5%.

2. Time Limit on Compensated Outside Professional Activities: A full-time Plan member may engage in compensated outside professional activities for up to 48 days during the months of active service. There are no restrictions on the number of days of compensated outside activity during the periods of vacation leave (unless the faculty member is earning additional University compensation during the vacation leave). This is express adoption of APM-025 Conflict of Commitment and Outside Activities of Faculty Members, Section 10.b, Page 6 for UCSF Plan members.

3. Categories of Income from Occasional Outside Activities Which May Be Retained. Plan members in good standing may retain income from occasional outside patient care and from professional activities related to the training and experience which are the individual’s qualifications for University appointment, subject to the new limits on compensation and time described above. This broadens the categories of retainable income from occasional service specified in APM-670 Health Sciences Compensation Plan, Section IV.D, Page 7.
JUSTIFICATION FOR REVISION OF APM-670

1. Faculty Recruitment and Retention. The Health Sciences Compensation Plan (Plan) was approved by the Regents in 1999 for all University of California health sciences campuses. Since 1999, the cost of living in the San Francisco Bay Area has increased, while support for higher education from the State of California has decreased. UCSF salaries are stagnant, and mandatory furloughs further reduced income. Faculty will soon be faced with a new cost in funding retirement, effectively reducing take-home pay and benefits compensation at the time of separation. These factors, and UCSF restrictions and expenses such as space allocation and information technology costs, make it difficult to retain current faculty offered more competitive positions with substantial infrastructure support in less expensive geographic regions and much more difficult to recruit new high-quality faculty.

2. Professional Competence. UCSF prides itself on having outstanding clinicians, educators, and scientists. However, the Plan does not allow income from occasional outside professional activities related to the training and experience which are the individual’s qualifications for University appointment. When faculty are restricted to work only within UCSF, they lose skills and expertise. Our tertiary care population limits exposure to common medical problems. Our training environment makes it difficult for clinicians to perform procedures personally. Faculty are called upon to assist trainees with difficult cases but may not have recent hands-on experience. Faculty who are primarily classroom educators cannot provide clinical care for specific patient populations needed to maintain specialty certification and are barred from sharing their knowledge through compensated teaching or research activities at other universities. Furthermore, interactions with UCSF faculty who practice in the community are valued by students and trainees considering careers outside of academics. Plan restrictions are therefore impediments to delivering the very best clinical care, patient safety, and education.

3. Parity with General Campuses. Full-time faculty on fiscal-year appointments at University of California general campuses may engage in compensated outside activities for up to 48 days during the months of active service (APM-025 Conflict of Commitment and Outside Activities of Faculty Members, Section 10.b, Page 6). Category I activities are those likely to raise issues of conflict of commitment. To engage in Category I activities, faculty at general campuses make written requests to the Chancellor or designee and receive written approval (APM-025 Conflict of Commitment and Outside Activities of Faculty Members, Section 10.c, Page 7).

In contrast, Plan participants at health sciences campuses are allowed to retain payments from only 21 days of outside service per fiscal year under the University-wide Standard Requirement (APM-670 Guidelines on Occasional Outside Professional Activities, Section II.B, Page 2). Chancellors may request approval from the President for Plan participants to retain income from compensated teaching or research at outside institutions or from more than 21 days of allowed professional activities (APM-670 Guidelines on Occasional Outside Professional Activities, Section II.C.1, Page 3). In no case are Plan participants allowed to retain income from patient care (APM-670 Guidelines on Occasional Outside Professional Activities, Section II.C.3, Page 4). Furthermore, the maximum annual outside professional earnings threshold is set at $20,000 or 20% of the Health Sciences Compensation Plan Salary Scale for the faculty member’s rank, step, and academic programmatic unit, whichever is greater (APM-670 Guidelines on Occasional Outside Professional Activities, Section II.C.4.c, Page 6). In its current form, the Plan does not provide parity with general campus policies and
must be revised as described in APM-670 Health Sciences Compensation Plan, Section II, Pages 3-4.

4. Community, Foundation, and Corporate Partnerships. Plan restrictions on the amount and type of work performed during personal time are so severe that a UCSF faculty member in good standing may avoid compensated outside professional activities. Individual decisions like these have far-reaching consequences for the University as a leader in patient care, education, and biomedical research. Relationships formed at the bedside with patients and families are powerful motivators for charitable giving. Teaching and curriculum development performed at other universities influence public health policy and enhance recruitment of talented and diverse students to UCSF’s health sciences and professional training programs. Collaborations with research groups at other centers generate innovation and in-kind support for activities at UCSF. At a time when reimbursements for patient care, state support for education, and federal funding for science are uncertain, the Plan must be updated to enhance compensated outside activities for faculty and thereby promote community, foundation, and corporate partnerships for UCSF.

SPECIFIC REVISIONS OF APM-670

1. Compensation Limit on Occasional Outside Professional Activities


Current Plan:

Effective with the issuance of these guidelines, the maximum annual outside professional earnings approval threshold set by the President shall be $20,000 or 20 percent of the Health Sciences Compensation Plan salary scale for an individual member’s rank, step, and academic programmatic unit, whichever is greater.

Proposed Changes:

Effective with the issuance of these guidelines, the maximum annual outside professional earnings approval threshold set by the President shall be $20,000 $40,000 or 20 percent of the Health Sciences Compensation Plan salary scale for an individual member’s rank, step, and academic programmatic unit, whichever is greater.

Final Version:

Effective with the issuance of these guidelines, the maximum annual outside professional earnings approval threshold set by the President shall be $40,000 or 20 percent of the Health Sciences Compensation Plan salary scale for an individual member’s rank, step, and academic programmatic unit, whichever is greater.
2. **Assessment of Professional Services Income**


**Current Plan:**

As an aid in the administration, budgeting, and allocation of professional services income, gross Plan income shall be assessed using a rate(s) annually recommended by the Dean and approved by the Chancellor for each school or department. The income categories specified in Section IV.D are not subject to assessment.

**Proposed Changes:**

As an aid in the administration, budgeting, and allocation of professional services income, gross Plan income shall be assessed using a rate(s) annually recommended by the Dean and approved by the Chancellor for each school or department. **Total cumulative taxation by UCSF and UCOP on the income categories specified in Section IV.D are not subject to assessment shall not exceed 5%.**

**Final Version:**

As an aid in the administration, budgeting, and allocation of professional services income, gross Plan income shall be assessed using a rate(s) annually recommended by the Dean and approved by the Chancellor for each school or department. Total cumulative taxation by UCSF and UCOP on the income categories specified in Section IV.D shall not exceed 5%.

3. **University-wide Standard Requirement**


**Current Plan:**

The University-wide standard requirement is that Plan participants shall be allowed to retain payments from 21 days of service (other than patient care) per fiscal year to governmental agencies, to non-profit health- or education-related organizations, to continuing health education programs administered by the University, or University Extension, if such service has been approved by the Dean and the Chancellor.

**Proposed Changes:**

The University-wide standard requirement is that **full-time** Plan participants shall be allowed to retain payments from 21 **for up to 48** days of service (other than patient care) per fiscal year to governmental agencies, to non-profit health- or education-related organizations, to continuing health education programs administered by the University, or University Extension, if such service is approved by the Dean and the Chancellor. **There are no restrictions on the number of days of compensated outside activity during the periods of**
vacation leave (unless the faculty member is earning additional University compensation during the vacation leave).

Final Version:

The University-wide standard requirement is that full-time Plan participants shall be allowed to retain payments for up to 48 days of service per fiscal year to governmental agencies, to non-profit health- or education-related organizations, to continuing health education programs administered by the University, or University Extension, if such service is approved by the Dean and the Chancellor. There are no restrictions on the number of days of compensated outside activity during the periods of vacation leave (unless the faculty member is earning additional University compensation during the vacation leave).

The APB Subcommittee Examining Modification to the Health Sciences Compensation Plan
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