Subcommittee of the Committee on Academic Planning & Budget  
Examining the Health Sciences Compensation Plan  
Steven Cheung, MD, Chair  
Mary Gray, MD, Vice Chair  
Kimberly Topp, PhD, PT  
Ellen Weber, MD  

August 25, 2011  

Meeting: Thursday, July 28, 2011  
10:00 – 11:30 a.m., Room S 118  

Attending:  
John Featherstone, MSc, PhD, Dean of the School of Dentistry  
Sam Hawgood, MBBS, Dean of the School of Medicine  
Robert Newcomer, PhD, Incoming Chair of the Academic Senate  

Purpose of the Meeting:  
As faculty salaries will suffer a net decrease with increased payments into the retirement plan coupled with a net reduction of post employment benefits, the subcommittee would like to discuss with the Deans means of increasing allowable external activity and greater retention of income from external activities in such a way as not to interfere with commitment to the department, school and University. Specifically, the parties would like to discuss pending and possible modifications to APM-670 governing the Health Sciences Compensation Plan.  

Memorandum of the Meeting  
Discussion was focused around the three main sections of recommendations: (1) Compensation Limit on Occasional Outside Professional Activities; (2) Time Limit on Compensated Outside Professional Activities; and (3) Categories of Income from Occasional Outside Activities Which May Be Retained.  

1. Compensation Limit on Occasional Outside Professional Activities  
The current draft of the revised APM-670 recommends $30K or 20% of covered compensation, whichever is higher. Deans Hawgood and Featherstone, and APB subcommittee members agreed that $30K is a good starting point. Chair Cheung recommends threshold level review every four years. In the event a timely review is not conducted, an automatic adjustment to a higher level can be triggered. A candidate metric is the Consumer Price Index (CPI), but other macroeconomic indices are possible. Regardless, it is important to incorporate an external trigger to adjust this level in the absence of timely formal review and revision.  

Action  
A) When APM-670 is delivered to the campuses for administrative and Senate review, the San Francisco Division will recommend threshold level review every four years and a provision for an automatic trigger.  

B) Deans’ offices will disseminate a clarification that outside income below the threshold are not subject to taxation.
2. Time Limit on Compensated Outside Professional Activities

Off duty (e.g. weekend) and vacation days devoted to outside professional activities are *excluded* from the 21 permissible days under APM-670. This clarification is very helpful. Weighing service, teaching, research and other obligations of faculty in the Health Sciences Compensation Plan (HSCP), APB subcommittee members no longer feel that an additional 27 permissible days to bring the total to 48 are necessary or advisable.

**Action**

A) When APM 670 is delivered to the campuses for administrative and Senate review, the San Francisco Division will not request for change from 21 to 48 days for occasional outside professional activities.

3. Categories of Income from Occasional Outside Activities Which May Be Retained

Deans Hawgood and Featherstone provided different viewpoints on adoption of a less restrictive policy that would permit faculty members to deliver clinical and professional services that are related to the training and experience which are the individual’s qualifications for University appointment. Practice models between the Medical and Dental Schools differ, which may account for the divergent positions of the two deans.

Dean Hawgood voiced that UCSF strategic vision and brand equity would likely be impaired if HSCP members were permitted to engage in outside professional activities that included clinical care or activities for which the faculty member was hired. Uncoordinated efforts by faculty members to deliver clinical care outside the UC umbrella may expose them and the University to serious liabilities. All remote clinical care and teaching work in the SOM requires a Professional Service Agreement (PSA). Such agreements require approval by both the department chair and the Dean’s Office and need to be aligned to the strategic plan of the clinical enterprise. In specific cases, teaching may be considered an action covered by a PSA. Income from such remote service activities would be subject to the dean's tax, Medical Group tax, and other campus assessments, as appropriate. Department tax policy on remote professional services income is set by the departments. Departments may elect separate tax treatments of income derived from UC facilities-related and remote professional services.

Dean Featherstone described cases wherein enforcement of current policy that specifically disallows outside clinical practice ended in termination of certain valuable faculty members. Outside clinical practice was attractive to those faculty members because revenue generation was more efficient, perhaps effected through a combination of enhanced operational control and access to patients seeking a non-University venue for their care. Dean Featherstone noted that performing outside clinical activities and fulfilling obligations to the University were in not fundamental conflict *per se*. Furthermore, the engagement of faculty with external professional practices provides a valuable educational resource to dentistry students who expect to enter into such private practices themselves. As financial conditions become more challenging, the risk of faculty separating from the University will likely increase. Dean Featherstone would like to address this problem by seeking change and/or exemption from current policy.

**Action**

A) When APM-670 is delivered to the campuses for administrative and Senate review, the San Francisco Division will not request modification of existing policy on Scope of Work for occasional outside professional activities.

B) The Deans’ offices will work to streamline evaluation and equitable approval processes for PSAs. There should be turnaround time targets to evaluate performance.
C) HSCP members engaged in remote professional services activities are encouraged to establish a Memorandum of Understanding (MOU) to memorialize department taxation policy on such income.

D) Dean Featherstone will explore a partnership with the UCLA School of Dentistry to seek exemption from current policy that specifically disallows outside clinical practice.

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