

**UC DAVIS
SCHOOL OF MEDICINE AND SCHOOL OF NURSING
HEALTH SCIENCES COMPENSATION PLAN
IMPLEMENTATION PROCEDURES
Effective July 1, 2015**

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UC DAVIS
SCHOOL OF MEDICINE AND SCHOOL OF NURSING
HEALTH SCIENCES COMPENSATION PLAN STATEMENT

In association with the terms of my appointment, I have received and read copies of APM 670 – *Health Sciences Compensation Plan* and APM 671 – *Conflict of Commitment and Outside Activities of Health Sciences Compensation Plan Participants*, the *Health Sciences Compensation Plan Implementation Procedures for the UC Davis School of Medicine and School of Nursing*, and *Compensation Plan Guidelines for my department*. I agree to comply with all of the conditions outlined therein and in any successor Plans. I will not retain any professional income except as provided.

PRINT NAME

DATE

SIGNATURE

DATE

Attachments

APM 670 – Health Sciences Compensation Plan (revised July 2012)

APM 671 – Conflict of Commitment and Outside Activities of Health Sciences Compensation Plan Participants

Health Sciences Compensation Plan Implementation Procedures for the UC Davis School of Medicine and School of Nursing (revised July 2015).

*Please return this form to your department for inclusion with your employment forms. Employment forms will **not** be processed without this Compensation Plan Statement.*

**HEALTH SCIENCES COMPENSATION PLAN
IMPLEMENTATION PROCEDURES FOR THE UC
DAVIS SCHOOL OF MEDICINE AND SCHOOL OF NURSING
PREAMBLE**

The Academic Personnel Manual (“APM”) 670 - Health Sciences Compensation Plan (hereinafter called the “Plan”), 671 – Conflict of Commitment and Outside Activities of Health Sciences Compensation Plan Participants, and Health Sciences Compensation Plan Implementation Procedures of the UC Davis School of Medicine and School of Nursing (“Plan Implementation Procedures”) apply to all eligible faculty of the School of Medicine and School of Nursing. The Plan is intended to provide an administrative framework for the allocation of income produced by professional activities of the faculty in a manner that supports academic programs and the recruitment and retention of faculty necessary for the maintenance of a high level of academic and professional excellence.

The Plan has been developed in accordance with the system-wide Health Sciences Compensation Plan (APM 670, July 2012) and Conflict of Commitment and Outside Activities of Health Sciences Compensation Plan Participants (APM 671, July 2014).

The Plan Implementation Procedures were originally adopted by the UC Davis School of Medicine Compensation Advisory Committee (“CAC”) on April 16, 2001. At that time, it received wide review by: 1) An ad hoc Health System Plan Advisory group, 2) Council of Deans, 3) Councils of Clinical Department Chairs and Basic Science Department Chairs, 4) School of Medicine Faculty Executive Committee, 5) SOM faculty, and 6) Davis Divisional Academic Senate. In academic year 2003-04, the Plan Implementation Procedures were revised, which included review by: 1) An ad hoc Health System Plan Advisory group, 2) CAC, 3) Council of Deans, 4) Council of Chairs, 5) School of Medicine Faculty Executive Committee, 6) SOM faculty, 7) Vice Provost of Academic Personnel, 8) University Counsel, 9) Office of the President, and 10) Chancellor. These revisions were approved and effective July 1, 2005. In academic year 2012-2013, the Plan Implementation Procedures were again revised to incorporate the July 2012 modifications made to APM 670. Review of the Plan Implementation Procedures revisions were conducted by: 1) CAC, 2) Council of Deans, 3) Council of Chairs, 4) School of Medicine Faculty Executive Committee, 5) SOM faculty, 6) Vice Provost for Academic Affairs, 7) University Counsel, 8) UC Davis Academic Senate, 9) UC Davis Chancellor, and 10) Office of the President.

In academic year 2014-15, the Plan Implementation Procedures were revised to incorporate further revisions to APM 670 and newly adopted APM 671. The revised Plan Implementation Procedures were reviewed by: 1) CAC, 2) Council of Chairs, 3) School of Medicine Faculty Executive Committee, 4) SOM Faculty and SON Faculty, 5) Vice Provost for Academic Affairs, 6) University Counsel, 7) UC Davis Academic Senate, and 8) UC Davis Chancellor.

The executive authority for governance of the Plan shall reside with the Dean of the School of Medicine and the Dean of the School of Nursing (hereinafter “Deans” collectively, or “Dean” in reference to the respective School) with approval of the Chancellor. The Plan Implementation Procedures are also administered by the Deans with assistance from CAC.

EXECUTIVE SUMMARY

The Academic Personnel Manual (“APM”) 670 - Health Sciences Compensation Plan (revised July 2012) (“Plan”) represents an integration of two previous guidelines (Guidelines for the Clinical and General Compensation Plans) into a single comprehensive plan. For the most part, the rules and regulations and governance procedures for the new comprehensive plan are not significantly different from the Plan revisions in 2012. Most notably, the Plan incorporates the two substantive provisions regarding salary guidelines and outside professional activities: 1) Under the comprehensive plan, clinical sciences faculty and basic sciences faculty are now provided with comparable compensation opportunities and salary guidelines; and 2) allows *one* method for managing income from outside professional activities, which combines elements of the University-wide Standard Requirement and the Alternative Option. This combined approach includes the following:

- (1) A minimum 21 days and maximum 48 days annually to engage in outside professional activities, the specific time limit to be specified in campus/school/department Implementation Procedures;
- (2) A maximum annual outside professional activities earnings threshold of \$40,000 or 40 percent of the fiscal year base salary scale (Health Sciences Compensation Plan Salary Scale 0), whichever is greater, a threshold that the Provost (University of California Office of the President) may adjust periodically;
- (3) A pre-approval requirement after either the time or earnings threshold has been reached;
- (4) The requirement that campus/school/department Implementation Procedures define taxation for the first \$40,000 earned as well as subsequent earnings;
- (5) The requirement that campus/school/department Implementation Procedures clearly define the types of activities for which time limits and income earned count toward the approval threshold.

Income derived from patient care activities continue, under all circumstances, to be considered Plan Income, as in the prior plans. Also, as in prior plans Non-Plan Income is defined as income derived by faculty from prizes, royalties, honoraria, University honoraria, administrative stipends, and income from a profession or activities unrelated to the training and experience which is the individual’s qualification for University appointment may be retained by the Plan Participant.

Plan Implementation Procedures set an annual time limit of 21 days per fiscal year, and a maximum earning threshold limit of \$40,000 or 40 percent of the fiscal year base salary scale (Scale 0), whichever is greater. Departments may set a more restrictive earning threshold limit with prior approval from Compensation Advisory Committee and Dean. These limits along with procedures for defining and monitoring outside professional income, including reporting methods and “good standing” criteria, must be detailed in the Department Compensation Plan Guidelines (“Department Plan Guidelines”).

Department Plan Guidelines must also set out the selection of a base salary scale for the department, divisions and/or Academic Programmatic Units. These selections should be made with consideration of their impact on academic productivity.

Department Plan Guidelines shall be presented for review and comment to the department faculty and the CAC each year, and approved by the Dean.

The Chair of CAC is appointed annually by the Deans. Of the ten members, four (4) are appointed by the Dean, and six (6) are elected for two year terms. Elected members represent basic science (2), medical science (2) and surgical science (2) areas. Members may serve two consecutive terms before standing down for a two-year break.

Changes to Department Plan Guidelines generally are made only once each year unless financial projections and/or other extraordinary circumstances warrant a more frequent change.

I. OBJECTIVES

Faculty of the School of Medicine and School of Nursing espouse the belief that the quality of the Schools can only be sustained and assured by recognition of the close inter-relationship between the four functions of a professional school: research, teaching, professional service, and University and public service. The faculty also recognizes that while some of these professional activities are more lucrative than others, all are essential to the academic mission of the School and excellence in all areas accrues to the benefit of the institution and should be rewarded. Nevertheless, the competitive nature of recruitment and retention of faculty in the health sciences, and the diversity of training and experience required for a balanced academic faculty, dictate the need for economic incentives and a means of returning a fair measure of economic support to the generating academic units and their individual members. Thus, the faculty declares its intent that a major objective of this Plan should be to provide, within the existing regulations of the University of California, continuing financial support of the faculty at a level competitive with the academic marketplace. Further, the faculty affirm that another important objective of the Plan is the support and augmentation of the academic programs of the School by utilization of funds generated by faculty in excess of those required for approved faculty compensation.

II. NATURE OF THE PLAN AND GENERAL CONSIDERATIONS

The Plan was adopted by the CAC and School of Medicine and School of Nursing leadership, with concurrence of the administration of the Schools and of the Chancellor, to ensure an orderly and sound basis for the utilization of the income generated by the professional activities of the faculty. Accordingly, the Plan is to be properly viewed as an approved administrative structure within the University of California, Davis, School of Medicine and School of Nursing, for the purpose of fiscal administration and has no separate legal existence outside of the University corporate structure. Therefore, while the Plan, through its governing authorities, may recommend use of funds for support of University employees and programs, the Plan does not enter into employment contracts or assume the responsibilities and prerogatives of an employer, which prerogatives are reserved to the University and to its duly empowered officers. Likewise, University policies and procedures with respect to academic affairs, including employment, promotion, leave, eligibility for general campus benefits, or termination of employment, shall be unchanged by virtue of Plan participation. All grievance actions shall therefore be carried forth under the policies and procedures of the University, excepting grievances limited to fiscal actions or policies within the purview of the Plan, which

grievance actions shall be carried forth and adjudicated by procedures described in Section VI.6.C. of this document.

III. NAME

The name of the Plan shall be "Health Sciences Compensation Plan, University of California, Davis."

IV. MEMBERSHIP

A. Appointment Required for Membership

Membership shall be mandatory for all faculty employed greater than 50% time by the University of California, Davis, School of Medicine and School of Nursing (including faculty based at affiliated hospitals such as the Veterans Administration Medical Center) in any one of the following title series:

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

The Chancellor may approve exceptions to membership requirements to meet special teaching, research, clinical care, or University and public service requirements. The Chancellor shall review and is authorized to approve specific provisions in campus procedures and requests by Deans for inclusion in the Plan of individuals in a health sciences school whose appointments are in the title series listed above, regardless of percentage of appointment. Such exceptions must be recommended by the appropriate chairperson, reviewed by the CAC, and approved by the Deans before approval by the Chancellor. All of the terms and conditions of APM 670 and 671 apply to joint appointees. School of Medicine and School of Nursing faculty who hold administrative titles in the University such as Associate Dean will be eligible for Plan membership if they hold an academic title listed in this section.

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 month of 43 percent of full time. (Refer to APM 205 - Recall for Academic Appointees, for terms and conditions for Plan membership for recall appointees).

Professional partnerships and individual or group corporations shall not be permitted for Plan members.

B. Period of Membership

Faculty who become members of this Plan ("Plan Participants") shall not subsequently cease to be members except by resignation from the faculty,

termination, retirement, reduction in percentage of appointment, or the termination of the Plan.

C. Requirements of Members

Each member, as a condition for use of Plan funds for the support of a portion of University compensation shall, at the time of appointment to membership, sign a statement affirming and agreeing to the following:

1. That the proposed member has received a copy of Plan Implementation Procedures, APM 670 and 671, and Department Plan Guidelines, read them, and agrees to abide by them;
2. That the proposed member specifically agrees not to retain income from professional services except as provided in "Section VII, Paragraph B, subparagraph 2: Retention/Non-retention of Income."

Since membership in the Plan is a term and condition of employment, failure or refusal to sign the Plan affirmation statement will not excuse the Plan Participant from the terms and conditions of the Plan.

V. GOOD STANDING

Plan Participants should be deemed in good standing until they are otherwise found to be not in good standing.

Plan Participants should meet Department/unit guidelines regarding productivity in research, teaching, patient care, mentoring, and University service as defined by their series, rank and step.

To be in good standing, a Plan Participant must also:

1. Demonstrate a record of satisfactory academic progression
2. Fulfill clinical, teaching, research, and administrative obligations as assigned.
3. Meet the Faculty Code of Conduct and other UC rules and regulations. Examples to be considered include inappropriate conduct or complaints documented and validated by current campus procedures filed with the Department Chair, Associate Dean for Academic Personnel, Vice Provost, or other School, Health System, or campus administrator from colleagues, staff, students, patients, or members of the community,
4. Comply with state and federal regulations as related to professional activities.
5. Must work collegially with others.
6. Attend at least 50% of dept/health system meetings involving compliance issues.
7. Satisfy other requirements as determined by the department and described in the Department Plan Guidelines.

Additionally, faculty with clinical responsibilities must:

8. Maintain active medical staff membership and current license.
9. Meet the practice standards and follow all policies of the UC Davis Health System (including billing, medical records, incentive programs).

Departments must include criteria 1-7, in their Department Plan Guidelines. Criteria 8 & 9 also must be included for departments with clinical activities. A department may add other criteria which are consistent with those listed above. Prior to the implementation or revision of good standing criteria, affected Plan Participants shall be provided the opportunity to review and comment on the proposed criteria, followed by review and approval by CAC and Dean.

Plan Participants are responsible for actively participating in activities that support the Department/unit objectives.

Plan Participants are expected to demonstrate professional behaviors including collaboration and teamwork, and responsibility and accountability in all areas of work. Additionally, Plan Participants are expected to take responsibility for the overall success and well-being, including financial, of the Department/Unit.

Loss of good standing may occur in the following instances:

- Finding of faculty misconduct
- Finding of research misconduct
- Finding of unsatisfactory performance in a five year review
- Failure to meet expectations related to generation of salary support and/or shared expenses
- Refusal or failure to participate in assigned duties
- Loss of clinical privileges (as required)
- Loss of licensure and/or credentials (as required)
- Refusal or failure to participate in required trainings
- Lack of compliance with University policy and/or reporting requirements

ADMINISTRATIVE REVIEW PROCESS

The Department Chair meets with the Plan Participant to discuss issues, how to remedy the situation and specific consequences as determined by the Plan, including but not limited to initiating the formal process outlined below. The Department Chair and the Plan Participant look for informal resolution as appropriate to circumstances but a specific timeline for that resolution must be determined. The Department Chair follows-up in writing with the Plan Participant confirming the details of their discussion.

If informal resolution is unsuccessful, the Department Chair must provide a written statement documenting the reasons for requesting that a Plan Participant be deemed not in good standing. The document should include recommendations on how to remedy the situation. Relevant back-up documentation should be attached.

The Plan Participant shall be given a copy of the written statement and an opportunity to provide a written response within 14 calendar days to the Department Chair. If the issue is remedied within the 14 calendar day response period, the Department Chair documents that the matter is closed.

If the issue is not remedied within the 14 calendar day response period, the Statement, back-up documentation, and Plan Participant's response (if provided) should be sent to the respective Dean.

If the Dean's assessment is consistent with the Department Chair, then the Dean issues a written determination that the Plan Participant is not in good standing and identifies any corrective actions that must be taken in order to return to good standing.

Appeal process: If there is a determination of loss of good standing and the Plan Participant believes that the good standing criteria have been applied unfairly, the Plan Participant may appeal to the CAC. The CAC provides a written assessment to the Dean for his/her consideration; however, the decision ultimately resides with the Dean. Senate faculty members may pursue their grievance rights before the Privilege and Tenure Committee under Senate Bylaw 335. Non-Senate faculty are entitled to pursue a grievance under APM 140.

CONSEQUENCES

The following consequences may be imposed on Plan Participants who have been determined to not be in good standing:

- Prohibition from participating and/or retaining income from outside professional activities.
- Decrease in additional compensation (Y; see APM 670-18-c(1)).
Incentive/Bonus compensation (Z; see APM 670-18-c(2)).
- If a Plan Participant is unable to practice at a specific site due to revocation of clinical privileges, the Plan Participant must be willing to undertake new duties as assigned, or otherwise must forfeit the compensation from that assignment.
- Advance approval is required from the Department Chair to engage in any unassigned professional activities.
- Requests for any academic leaves may not be approved and/or requests previously approved may be revoked.

RETURN TO GOOD STANDING

The Plan Participant must submit a request to his/her Department Chair to return to good standing which outlines how the issues have been resolved or rectified. The Department Chair makes an assessment on any progress made and forwards his/her recommendation to the Dean along with the Plan Participant's request. If the assessment of the Department Chair is that no progress, or insufficient progress, has been made, the Department Chair should include in his/her recommendation to the Dean what further actions must be taken.

If the assessment of the Dean is that no progress, or insufficient progress, has been made, the Dean must notify in writing the Plan Participant that he/she has not been returned to good standing and outline what further actions must be taken.

If the Dean believes that all issues have been resolved, the Plan Participant will be notified in writing that they are now in good standing.

If the Plan Participant does not submit a request, he/she will continue to not be in good standing.

If a Plan Participant continues not to be in good standing for more than one year, the Department Chair may wish to pursue further actions as appropriate to relevant academic policy.

A Plan Participant must demonstrate good standing within the department in order to earn and retain non-plan income from occasional outside professional activities.

Plan Participants who are not in good standing must obtain advance approval from the Department Chair to engage in any unassigned professional activities, and the income for all such approved activities shall accrue within the Plan. Exceptions may be approved in writing by the Dean and Chancellor. Any Plan Participant who is not in good standing shall be notified in writing by the Department Chair with the reasons for that determination. Plan Participants who believe the good standing criteria have been applied unfairly may appeal to the CAC.

VI. GOVERNANCE

The executive authority for governance of the Plan shall reside with the Deans. In exercising such authority, the Deans shall be assisted by a committee of faculty representatives which shall be known as the Compensation Advisory Committee ("CAC").

A. Compensation Advisory Committee

The CAC shall be an administrative committee advisory to the Deans. As members of the CAC are members of the faculty of the University, they shall act in such a way as to promote the academic programs of the School.

1. Chairperson

The chairperson of the CAC shall be appointed annually by the Deans. The chairperson may serve three consecutive years before standing down.

2. Functions

The functions of the CAC shall be as follows:

- a) The CAC shall periodically review and, where appropriate, recommend to the Deans amendments to these Implementation Procedures.
- b) The CAC shall review and recommend to the Deans the Department Plan Guidelines to be used by each Department Chair in his/her determination of the appropriate compensation to be paid each Plan Participant of the department. The Department Plan Guidelines should be reviewed by the CAC, and modifications recommended as necessary, at least annually.
- c) The CAC shall review and recommend to the Deans the designation of Academic Programmatic Units at the sub-divisional level in compliance with Section VIII.D.I.
- d) The CAC shall review faculty salaries and make comments to the Deans.

- e) The CAC shall make recommendations to the Deans concerning criteria to be utilized to ensure that appropriate reimbursement for a Plan Participant's research effort is represented in grant and contract applications.
- f) The CAC shall hear grievances related to the Plan in accord with Section VI.6.C.
- g) The CAC shall assist the Deans in resolving issues related to outside professional activities, conflict of interest and conflict of commitment, including the establishment and administration of good standing criteria and outside professional earnings approval thresholds.
- h) The CAC shall meet as often as necessary.
- i) In carrying out these functions, the CAC may delegate specific assignments to a limited number of members who shall report to the entire committee at meetings.

3. Composition

- a) The CAC shall consist of ten (10) members in addition to the Chair. The Committee members shall all be members in good standing of the Health Sciences Compensation Plan. Of the ten members, four (4) shall be appointed by the Deans. The remaining six (6) members of the CAC shall be elected by the members of the Plan under the procedures described below. Of the six elected members, two (2) members shall be from the Basic Sciences departments, two (2) members from the Medical Sciences departments, and two (2) members from the Surgical Sciences departments.

The Associate Dean for Academic Personnel shall be an *ex officio* member of the CAC. *Ex officio* members may attend meetings, enter into discussions, and suggest courses of action, but may not introduce or second motions or vote.

- b) Any committee member unable to attend a meeting may be represented by a proxy who shall be of the committee member's group as defined below Section VI.A. (Elections). The appointment of the proxy must be approved by the Deans, and the proxy shall not be entitled to vote at the meeting unless approved by the committee. The appointment of a proxy shall take place in advance of the meeting.

The Associate Dean for Academic Personnel, who serves as *ex officio* member of the CAC, shall have the power to appoint, in writing, an authorized representative to serve as *ex officio* member on the committee in his/her absence with the same rights and limitations as granted to the incumbent.

4. Elections

Election to serve on the CAC shall be by the following nomination and balloting procedures. Only members of the Plan shall be eligible to nominate, be nominated, and to vote.

- a) Nominations
Nominations will be made within each of three groups which are defined as follows:

- Medical Sciences Group: Dermatology, Family and Community Medicine, Internal Medicine, Neurology, Pediatrics, Physical Medicine & Rehabilitation, Psychiatry & Behavioral Medicine, Public Health Sciences, School of Nursing.
- Surgical Sciences Group Anesthesiology & Pain Medicine, Neurological Surgery, Obstetrics and Gynecology, Ophthalmology & Visual Sciences, Orthopaedic Surgery, Otolaryngology, Pathology & Laboratory Medicine, Radiation Oncology, Radiology, Surgery, Urology.
- Basic Sciences Group: Biological Chemistry, Cell Biology & Human Anatomy, Human Physiology & Membrane Biology, Medical Microbiology & Immunology, Pharmacology & Toxicology.

Nomination will require the signature of three members from the departments within the nominating group, as well as the concurring signature of the Plan member being nominated. The nominations process shall be carried out so as to permit timely elections of the CAC members. The nominees from each group shall be reported to the incumbent CAC.

b) **Balloting**

The election process for the CAC shall be organized annually and supervised by the incumbent CAC. Such elections shall be carried out two (2) months prior to the end of the term of office of the retiring members of the CAC. Balloting for nominees from each group shall be by mail; ballots must be returned within two (2) weeks of the date sent to be valid. Members of each group shall vote only for nominees from that group. The nominee receiving the majority (>50%) of the votes cast by the group shall be declared elected. In the event that no nominee from a group obtains a majority, a runoff shall be held between the two nominees from that group who received the greatest number of votes.

5. Term of Service

The regular term of elected membership on the CAC shall be two (2) years. New members shall take office at the first meeting in September following elections. A sitting member may be re-elected for one additional consecutive term, and thereafter may not be re-elected for two (2) years.

6. Recall and Compulsory Resignation

Individual elected members of the CAC are subject to recall by a special election which can be initiated upon presentation to the Deans of a petition signed by ten percent (10%) of the Plan Participants in the group electing the member. In such event, the Deans shall call for a special recall election within one (1) month of such notification. The member shall be recalled if a majority (>50%) of the Plan members in the group electing the member, vote for recall. In the event of recall, the position shall be filled by a special election, from a new slate of candidates nominated according to the mechanism described above, the individual recalled being eligible for nomination and election on the same basis as others.

In addition to formal recall, any member of the CAC who shall be unable to serve due to termination of Plan membership or who is absent, even if represented by

proxy, from three (3) consecutive meetings of the CAC by reason of sabbatical leave, illness, vacation or other circumstances shall immediately be replaced. If the member is an elected member, election of a replacement to complete the term shall take place within one (1) month, according to rules established for yearly elections. If the member is an appointed member, the Deans shall fill the vacancy by appointment.

B. Ad Hoc Subcommittees

The Dean shall, as needed, appoint *ad hoc* subcommittees for specified functions related to compensation and occasional outside professional activities. At least fifty percent (50%) of the members of such subcommittees, including the Department Chair, shall be members of the CAC.

C. Grievance Procedures

Plan Participants of the School of Medicine or School of Nursing who wish to file a formal complaint within the purview of the Plan shall present a written petition to the Associate Dean for Academic Personnel. The Associate Dean for Academic Personnel will undertake fact finding and then present the case to the CAC or its appointed subcommittee for consideration. Both the complainant and the complainant's Department Chair will have the right to be heard by the Committee/subcommittee. Recommendations about the grievance shall be forwarded by the CAC to the Associate Dean for Academic Personnel for consideration and comment before transmission to the respective Dean who will make a decision on the specific grievance. The Dean shall inform the grievant of the CAC's recommendations and comments. Senate faculty members may pursue their grievance rights before the Privilege and Tenure Committee under Senate Bylaw 335. Non-Senate faculty are entitled to pursue a grievance under APM 140.

A Plan Participant who has a complaint about an issue related to conflict of commitment should first try to resolve the issue at the departmental level. If the complaint cannot be resolved through discussions, the Plan Participant's complaint and the Department Chair's response should be documented. If the Plan Participant disagrees with the departmental decision, she/he should file a formal complaint with the Dean. The Dean will charge the CAC with fact-finding. Both the Department Chair and the Plan Participant will have the right to be heard by CAC. The Committee will issue a formal recommendation for resolution to the Dean. The Dean will make the decision taking into consideration the recommendation.

D. Revision and Amendment of Plan Implementation Procedures

Proposals to revise or amend Plan Implementation Procedures shall be by affirmative vote of two-thirds (2/3) of the members of the incumbent CAC. Such amendment or revision may include modification of the method of selection of elected members of the CAC but may not eliminate the principle of democratic elections or the representation of each of the various department groups, unless ratified by a majority of the Plan membership at a referendum. Furthermore, in modification of the mechanism for handling of grievances, the CAC shall not modify these procedures so as to eliminate the existence of an effective grievance process.

Any proposed revisions or amendments of these Implementation Procedures shall be communicated to all members at least thirty (30) days prior to the proposed date of enactment. Revisions to these Implementation Procedures are subject to review and approval by the Chancellor and the President.

Revisions to Plan Implementation Procedures that are necessitated by revisions to the Plan shall be submitted for the President's or the President's designee's review. Plan Implementation Procedures may be made effective as of the date authorized by the President or the President's designee.

E. Procedures at Meetings

All meetings of the CAC and of any *ad hoc* subcommittees shall conform to the procedures described in the current edition of *Robert's Rules of Order*.

VII. ACCOUNTING PROCEDURES AND INDIVIDUAL ACCOUNTABILITY

A. General Standards

1. All professional income, except for income described in Section VII.B.2. (below) will be managed, accounted for and reported as revenue of the University.
2. Campus and Health System procedures, including billing and accounting methods, shall be used to provide necessary accountability for all plan funds.
3. Only UCDHS billing systems shall be used.
4. The accounting standards specified in the University of California Accounting Manual will be used in reporting income and expenses and all compensation arrangements.
5. Expenditures from funds covered by this Plan may be made only in accord with University and campus policies and procedures.
6. All income paid to faculty will be subject to federal and state withholding and reported on a W-2 as wages.

B. Retention/Non-retention of Income

1. Income Definition and Allocation

All professional income of Plan Participants shall be deposited into the appropriate School of Medicine accounts, except for income described in Section VII.B.2., below. Professional Income is defined as income derived from a profession or activities related to the training and experience which constitute the individual's qualifications for University appointments and technology transfer income. Professional income includes cash and non-cash compensation, such as stock or stock options received in exchange for professional services provided. See Section VII.B.4. for further information.

Department Plan Guidelines shall include a section on the methodology that will be used to provide appropriate distribution of compensation to Plan Participants who generate revenue due the Plan.

Certain categories of income that accrue from occasional service, as described below, may be retained by Plan Participants. Department Plan Guidelines shall specify the activities from which income may be retained and whether Plan Participants may deposit remuneration for occasional outside activities into an Academic Enrichment Account, as provided in Section VII.D.. The Department Chair and Dean or his/her designee shall monitor the frequency of individual activities in these areas.

2. Categories of Outside Professional Activity

A conflict of commitment occurs when a Plan Participant's outside activities interfere with their professional obligations to the University. Outside professional activities are categorized based on the extent to which a conflict of commitment is likely to arise. When an activity could fall under more than one category, it should be assigned to the category which requires more stringent reporting and prior approval.

Category I

Category I activities 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) requires significant professional commitment.

Category I activities require **prior written approval** by the Department Chair, Dean or Dean's designee, and the Chancellor or Chancellor's designee, in advance of performing the activity as well as require disclosure in annual reporting. Approvals are generally for one (1) calendar year, but may be granted for a longer term. Category I activities count toward the Plan Participant's time and earnings threshold for outside professional activities.

Category I activities include, but are not limited to:

- (a) Teaching, research, or administration of a grant at an educational institution, trust, organization, government agency, foundation, or other entity outside of the University (See APM 671-10 for grant administration exception);
- (b) Employment outside of the University;
- (c) Assuming a founding/co-founding role of a company;
- (d) Assuming an executive or managerial position outside of the University, excluding positions with professional societies.

Category II

Category II activities are typically shorter term activities that are outside the course and scope of University employment. Category II activities have a lesser potential for a conflict of commitment than Category I activities.

Category II activities require disclosure in annual reporting, but do not require prior approval unless they will cause the Plan Participant to exceed the time and earning threshold limits.

Category II activities include, but are not limited to:

- (a) Additional University-compensated teaching, including teaching for UNEX courses and programs (see APM 662);
- (b) Participation in continuing health education programs run by the University;
- (c) Participation in self-supporting UC degree programs – these are teaching activities outside of the assigned teaching load. If the department assigns the teaching activity, it is not considered an outside activity;
- (d) Consulting under the auspices of the University of California;
- (e) Consulting or testifying as an expert or professional witness;
- (f) Consulting for for-profit or non-profit entities, non-profit health or education-related organizations, or government agencies;
- (g) Serving on a board of directors outside of the University whether compensated or uncompensated;
- (h) Providing or presenting a workshop for industry;
- (i) Providing outside consulting or compensated professional activities performed for entities such as the Los Alamos and Lawrence Livermore National Laboratories;
- (j) Other income-generating activities specified in approved Plan Implementation Procedures.

Category III

Category III activities are within the course and scope of University employment. As such, they are unlikely to raise conflict of commitment issues.

Category III activities, even if compensated, may not require disclosure in annual reporting or prior approval, and do not count toward the Plan Participant's time and earning approval threshold. Nevertheless, these activities must not interfere with a Plan Participant's obligations to the University.

Category III activities include, but are not limited to:

- (a) Serving on government or professional panels or committees or as an officer or board member of a professional or scholarly society;
- (b) Reviewing manuscripts, acting in an editorial capacity;
- (c) Attending and presenting talks at university/academic colloquia and conferences; and
- (d) Developing scholarly or creative works.

3. Other Income which may be Retained by Plan Members

All income from patient care activities is due the Plan. The following categories of income accruing from occasional service, as described below, may be retained by Plan Participants and does not count toward the earnings approval threshold; however, should be reported. The Department Chair and/or Dean shall monitor

the frequency of individual activity and hours/days committed (if applicable) in these areas:

- (a) Prizes, defined as gifts in recognition of personal achievements and not for services rendered;
- (b) Royalties, defined as shares of proceeds for contributions as authors or inventors, as allowed under the University's copyright and patent policies;
- (c) Honoraria, defined as payments by agencies outside the University for occasional lectures and similar public appearance beyond normal academic responsibilities to the University of California and which are not in return for other services, whether given directly or indirectly;
- (d) University honoraria defined as permitted 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 applicable campus policies;
- (e) Administrative stipends;
- (f) Income from a profession or activities unrelated to the training and experience which is the individual's qualification for University appointment as determined by the Department Chair in consultation with the Dean.

4. Non-Cash Compensation including Stock and Stock Options

Professional income governed by the Plan includes cash and non-cash compensation. Plan Participants who receive non-cash compensation, such as stock or stock options, for outside professional activities must disclose them to the Dean's Office within 30 days of receipt. Following is more specific guidance with respect to stock, stock options, and founder's stock.

Faculty who receive **stock** in lieu of compensation for outside professional activities must disclose this fact to the Department Chair and to the Dean's Office within 30 days of the date of receipt, at which time the stock will be valued. If the stock is given to the Plan Participant at no cost, dollars equal to the stock's full value on the date of receipt are due the Plan. If the purchase price is equal to the market price/value on the date of receipt, no money is owed the Plan. If the purchase price is below valued price on the date of receipt, the difference between the purchase price and the value of the stock on the date of receipt is due the Plan. Following a determination of the value of the stock, the Plan Participant will be notified of the nature of any Plan obligations, based on the above methodology. Plan Participants who neglect to disclose the stock at the time of receipt will owe the Plan the difference between the purchase price or value of the stock at the time of receipt and the value of the stock at the time it is disclosed. Disclosure at the time of receipt is required regardless of the stock's potential valuation, and regardless of whether a Plan Participant believes that any dollars are due the Plan.

Plan Participants may be able to retain the dollars due the Plan if they have not yet met or exceeded their time and/or dollar threshold for outside professional activities. However, both the time spent in outside professional activities related to the receipt of stock and any dollars due the Plan under the formula above **must be counted toward their time and/or earnings threshold.**

Stock options received in lieu of compensation for outside professional activities also must be disclosed to the Department Chair and the Dean's Office within 30 days of the date the stock option agreement is signed. The Dean's Office will obtain a valuation of the stock as of the date of the agreement. If the option offer price is equal to or greater than the stock's valuation/market price on the date the agreement is signed, no money is owed the Plan. If the option price is below its valued price on the date the agreement is signed, the difference between the option price and the value of the stock is due the Plan. Following determination of the value of the stock, the Plan Participant will be notified of the nature of any Plan obligations, based on the above methodology.

Faculty who neglect to disclose this information within 30 days of signing such stock option agreements will owe the Plan the difference between the offered option price at the time the agreement was signed and the value of the stock at the time it is disclosed. Disclosure of stock options is required regardless of 1) the stock's potential valuation, 2) whether the Plan Participant intends to exercise the options, and 3) whether the Plan Participant believes that any dollars are due the Plan. Plan Participants may be able to retain the dollars due the Plan if they have not yet met or exceeded their time and/or dollar threshold for outside professional activities. However, both the time spent in outside professional activities related to the receipt of stock options and any dollars that would be due to the Plan under the formula above must be counted toward their time/earnings thresholds.

Founder's stock received in lieu of compensation for outside professional activities must also be disclosed to the Department Chair and to the Dean's Office within 30 days of the time of receipt. Founder's stock will be valued at the time of receipt and any value will be due the Plan. Since the value of founder's stock is generally insignificant, in most cases a negligible amount would be owed the Plan. However, if the founder's stock is not disclosed upon receipt, the value of the founder's stock at the time of disclosure is due the Plan.

5. Limit on Time Devoted to Compensated Outside Professional Activity

Department Plan Guidelines must state that the maximum number of days allowed for compensated outside professional activities, which the School of Medicine and School of Nursing have set at 21 days (168 hours) per fiscal year.

6. Reference to Related Policies

Department Plan Guidelines for outside professional activities must reference the following policies and specify that Plan Participants can obtain additional information on these policies from the UCD Office of Research.

- The University's Conflict of Interest Code, adopted pursuant to the requirements of the Political Reform Act of 1974, which requires designated University employees to disqualify themselves from participating in University decisions in which they have a personal financial interest, and
- Policy on the Requirement to Submit Proposals and to Receive Awards for Grants and Contracts through the University.

7. Annual Outside Professional Earnings Approval Threshold

Department Plan Guidelines must set an annual outside professional earnings approval threshold which may not exceed the maximum approval threshold of \$40,000 or 40% of the fiscal-year base salary scale (scale 0), whichever is greater, for an individual Plan Participant's rank and step.

Each Plan Participant shall be responsible for keeping a running total of his or her annual earnings from all outside professional activities. If a Plan Participant wishes to engage in an activity that might reasonably be expected to cause their total annual earnings from all outside professional activities to exceed the approval threshold, then the Plan Participant must request prior approval to engage in the activity. Department Plan Guidelines must detail a mechanism by which a Plan Participant may exceed the approval threshold. Department Plan Guidelines must conform with APM 670 and 671.

- If the Department has adopted an annual threshold less than the maximum threshold, the Department Chair has the authority to approve all activities (not requiring prior written approval) that exceed the Department maximum up to the School maximum (see Section VII.B.2.). The Dean must approve such activities for the Department Chair, and the Chancellor or Chancellor's designee must approve such activities for the Dean.
- Only the Chancellor has the authority to approve a professional activity that exceeds the threshold limits. If a Plan Participant wishes to engage in an outside professional activity that will exceed threshold limits, s/he must request prior approval of the Department Chair, who will then forward it to the Dean and the Chancellor in accordance with these Implementation Procedures and APM 671. This request must describe the nature of the activity, the person or entity who will receive and/or pay for the service (e.g., government entity, for profit pharmaceutical company, etc.), the anticipated time/days, and the total expected income, and specifically state by how much the earnings approval threshold will be exceeded if the activity is approved.

After a Plan Participant has received approval to engage in an activity that will exceed threshold limits, s/he must request approval for all subsequent engagement(s) in accordance with the aforementioned approval process. If such engagements are allowed, they shall be undertaken with all related income accruing to the Plan.

Plan Participants shall be required to notify Department Chairs immediately if they inadvertently exceed the dollar threshold, or if any of the information they provided in an approval request changes or becomes inaccurate. For example, a Plan Participant should immediately notify their Department Chair if the initial estimate of earnings from an outside professional activity turns out to be understated.

Department Plan Guidelines must state that Plan Participants are subject to corrective action and disciplinary measures as outlined in Section VII.B.10. (below), for violation, neglect or manipulation of Plan Implementation Procedures.

Each Plan Participant, regardless if on leave (paid or unpaid) during the reporting period, shall be required to describe to his or her Department Chair the previous year's outside professional activities from which the Plan Participant retained income, and an attestation of adherence to Plan Implementation Procedures. This is accomplished by submitting an Annual Report of Outside Professional Income, form(s) related to APM 671. It is the responsibility of the Plan Participant to bring to the attention of his or her Department Chair those activities which require advance approval i.e., Category I or activities which may cause a Plan Participant's earnings to exceed the departmental annual outside professional earnings approval threshold (see Section VII.B.7., above) or activities which a Plan Participant who is not in good standing may wish to undertake.

8. Limitations on Use of University Resources in Connection with Outside Professional Activities

The use of University staff, laboratories, facilities or other University resources in connection with outside professional activities is subject to limitations. Limitations on the use of resources apply to all Plan Participants. The Faculty Code of Conduct (see APM 015, Section Part II,C.) lists 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 . In general, when Plan Participants retain income from professional consulting or expert witness activities, particularly when the activities are conducted for third party for-profit entities or private individuals, the costs associated with the consulting or witness activities should be borne by the third party or the Plan Participant, not by the University. In addition, the University's liability and workers compensation coverage does not extend to certain faculty consulting and expert witness activities. For example, University malpractice/professional liability coverage does not generally extend to expert witness activities when the Plan Participant retains the related income.

Questions about the appropriate use of University resources should be discussed with the Plan Participant's Department Chair, who may consult with the Dean and/or refer the questions to other appropriate University officers.

9. Involvement of Students in Outside Professional Activities

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 Department Chair 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.

10. **Non-Compliance**

A. Monitoring and Enforcement

Department Chairs have primary responsibility for monitoring and enforcing the requirements of their Department Plan Guidelines and Plan Implementation Procedures. The primary means of monitoring compliance shall be the Department Chair's annual review of the information the Plan Participant provide in their annual report on outside professional activities. The Department Chair shall consult with the Dean about any concerns. The responsibility for oversight of the outside professional activities of Department Chairs' shall reside with the Dean or Dean's designee.

B. Corrective Action and Disciplinary Measures

The University reserves the right to take corrective action and disciplinary measures against any Plan Participant who fails to comply with the Plan, Plan Implementation Procedures, and/or Department Plan Guidelines.

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

- (a) Failure to remit income due to the Plan as required by Plan Implementation Procedures;
- (b) Failure to obtain prior written approval for Category I activities or for involving a student in outside professional activities;
- (c) Failure to comply with time limits for Categories I and II activities; and
- (d) Failure to disclose and describe accurately the nature and scope of Categories I and II outside professional activities and earnings derived from those activities as required by Plan Implementation Procedures.

Corrective action may include the discontinuation of certain privileges available only to Plan Participants, in particular the opportunity to earn and receive compensation above the fiscal year salary scale through the Plan because of non-compliance.

Specific corrective actions may include, but are not limited to, the following:

- (a) Incentive or bonus compensation (commonly referred to as "Z" compensation) may be discontinued until such time as the Plan Participant complies with the Plan, Plan Implementation Procedures and/or Department Plan Guidelines;
- (b) Additional negotiated compensation (commonly referred to as "Y" compensation) may be set with consideration of the Plan Participant's prior performance, including compliance with the Plan, Plan Implementation Procedures, and/or Department Plan Guidelines.

In addition, corrective action will not preclude sanctions or disciplinary measures resulting from violations of APM 015 - Faculty Code of Conduct. Violation by Plan Participants of either the time limits or approval thresholds on outside professional activities represents an unauthorized use of University resources and/or retention of funds belonging to the University

A Plan Participant who is subject to corrective action re: compliance with the Plan, can initiate the grievance procedures as described in Section VI.6.C. of the Plan Implementation Procedures. It is preferred that a Plan Participant first file a formal complaint via written petition to the Associate Dean for Academic Personnel to initiate the grievance process. Alternatively, a Senate faculty member may file a grievance with the Vice Provost for Academic Affairs, and a Non-Senate faculty member may pursue a grievance under APM 140.

C. Fund Accounts and Sources

The campus shall establish a School of Medicine Plan Fund Account and separate plan fund accounts for each department within the School of Medicine. Additional accounts may be established for divisions and units within departments. All such fund accounts shall be separate University accounts and shall receive 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 hospital by participants in the Plan, excluding administrative stipends per VII.B.2.f.
3. Such other funds as are required by the Chancellor or President or the President's designee 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:

4. Funds made available for academic salaries from University-administered grants and contracts.
5. Funds made available from unrestricted, non-State fund accounts within the School.
6. Gifts and other funds available for such purposes which are allocated by the Dean or Chancellor.

D. Academic Enrichment Accounts

By May 31st of each fiscal year, each Plan Participant shall discuss with his/her Department Chair and with the Department Chair written approval shall select in writing one of the following options for income accumulated in the plan in excess of financial requirements that will remain in effect for the forthcoming fiscal year (July 1 – June 30). Changes are not permitted under any circumstances until the following

fiscal year. After the Plan Participant selects one of the following options, the Department Chair shall review his/her selection. If approved, the Department Chair shall issue written approval of the Plan Participant's selection.

The options are:

1. Option A: Z Payment

Income is paid as a "Z" payment following the schedule defined in the departments Implementation Guidelines. A "Z" payment may be paid earlier, if the Plan Participant retires or separates from University employment or upon approval of the Department Chair. This is the default option and it will be implemented each year for Plan Participants who do not select in writing an option.

2. Option B: Academic Enrichment Account

Income is allocated to an Academic Enrichment Account and is never eligible to be taken as a "Z" payment or as salary by the Plan Participant. Unexpended balances remain the property of the University when the Plan Participant retires or separates from University employment.

3. Option C: Designated Academic Enrichment Account and Z Payment

A Plan Participant may submit a request to his/her Department Chair to designate a specific amount of income for the forthcoming period July 1 – June 30 that is to be allocated to an Academic Enrichment Account and is never eligible to be taken as a "Z" payment or as salary by the Plan Participant. The amount designated to be allocated to an Academic Enrichment Account must be discussed with and approved by the Department Chair. Unexpended balances in the Academic Enrichment Account remain the property of the University when the Plan Participant retires or separates from University employment. Additional income beyond the specific amount designated by the Plan Participant that is to be allocated as an Academic Enrichment Account is paid as a "Z" payment following the schedule defined in the departments' Compensation Plan Guidelines. A "Z" payment may be paid earlier in the quarter if Plan Participant retires or separates from University employment or upon approval of the Department Chair. Academic Enrichment Accounts are established for the purpose of supporting the academic activities of the Plan Participant by allowing direct charge or reimbursement for business-related expenses. Funds allocated to an Academic Enrichment Account may be used to support University-approved academic professional activities that are allowed direct charge or reimbursable University-related business expenses of an individual Plan Participant consistent with University accounting guidelines. Once funds are allocated to an Academic Enrichment Account, these funds cannot subsequently be used for faculty salary support. Funds are allocated to an Academic Enrichment Account under the following conditions:

- The Academic Enrichment Account may be allocated from a portion of a Plan Participant's academic outside professional activity income due to the Compensation Plan.
- On an annual basis, if allowed by Department Plan Guidelines, a Plan Participant may request that funds be allocated to an Academic Enrichment Account for the forthcoming academic year July 1 through June 30 and such a

request must always occur in writing prior to July 1 of the forthcoming academic year in which the income will be earned.

- The Department Chair or his/her designee reviews the Plan Participant's allocation request and if approved, written approval shall be given to the Plan Participant.
- The Department Chair may submit a written request to the Dean's Office to allocate funds for the upcoming fiscal year to an Academic Enrichment Account. The request shall be reviewed by the Dean or his/her designee and if approved, approval shall be in writing.
- Disposition of the funds in an Academic Enrichment Account is under the auspices of the department. The University, through the Department Chair, has final authority over the use and distribution of funds held in an Academic Enrichment Account.
- Once funds have been allocated to an Academic Enrichment Account, the Plan Participant cannot change the designation of these funds.
- The department must maintain detailed records that are readily available for audit and other appropriate reviews that support the allowable nature of the reimbursable academic professional expenses that are paid from the Academic Enrichment Account. 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 Academic Enrichment Account must be repaid by the Plan Participant consistent with University accounting guidelines.
- An Academic Enrichment Account can maintain a positive balance at the end of an academic year that may be carried forward to the next academic year, at the discretion of the Department Chair. Disposition of year-end positive balance is communicated annually to the Plan Participant at the time requests for allocations to an Academic Enrichment Accounts are made.

In the event of termination of employment, any outstanding account receivables shall be treated in accordance with the compensation arrangement of the individual Plan Participant. Specifically, receivables originated by Plan Participants without Incentive/Bonus Compensation shall be the property of the University. Academic Enrichment Account funds remain the property of the University. Receivables of Plan Participants with Incentive/Bonus Compensation shall be handled in accordance with department guidelines. All Incentive/Bonus Compensation, including payments for outstanding account receivables, shall be paid through the University of California payroll system.

E. Contingency for Inadequate Funds

A Reserve for Contingency Fund shall be established and maintained at the School and department levels. In the event that the current year income of a department is insufficient to fulfill all commitments to pay the approved compensation to each member of the Plan, the Chancellor or the Dean shall turn first to the department's Reserve for Contingency Fund. If the department's Reserve for Contingency Funds are insufficient, the Chancellor may seek support from the Reserve for Contingency Fund or other non-State fund accounts within the School. If the support is not available, then the Plan Participants' additional compensation will be reduced in a

uniform manner, in accordance with any fund source restrictions, across the school, department, division or APU as determined by the Dean and Chancellor.

F. Allocation of Plan Income

Professional income received by the Plan shall be allocated to the various accounts as described below. An internal accounting document that is reconciled monthly with University of California, Davis ledgers will report all Plan income and will detail any assessments or other appropriate expenses against that income. The faculty recognize that the approved expenses of the Plan are the first financial obligation that must be met by Plan revenues. These expenses are covered by an assessment levied against gross Plan revenue. This assessment is subject to change. Affected Plan Participants shall be provided an opportunity to review and comment on any proposed change to the assessment. The current assessments, defined below, will be maintained at the time of Plan implementation.

1. Plan income (which *does not* include reimbursements from University-administered research grants), shall be distributed in the following manner:
 - a) A percentage of cash collected through the Professional Billing Service shall be allocated to cover the billing and other professional operating costs. This charge shall be revised annually or, if indicated, more frequently to reflect the actual billing costs of the Plan.
 - b) A percentage of income, as determined annually by the Health System, will be allocated to the department Reserve for Contingency Fund Account.
 - c) All remaining income will be allocated to the accounts of the departments based upon the amount of professional income generated by faculty of the department.
 - d) Each department shall allocate a portion of professional income, as determined by the Dean, to a department Reserve for Contingency Funds.

VIII. PLAN COMPENSATION

The Plan shall provide compensation to Plan Participants in order to assist in recruitment and retention of individuals necessary to carry out the academic missions of the various departments. Plan Participants shall receive a base salary and shall be eligible for additional compensation, as described below. Exceptions to this are subject to approval by the President and authorization by the Chancellor upon recommendation of the Dean.

A. Coordination of Salary Sources

In determining the Plan compensation provided to faculty there shall be consideration and coordination of salary sources including University sources, such as State funds available for compensation of that individual.

B. Compensation Limits

Compensation for any individual Plan Participant which is greater than four times the Professor Step IX rate on the fiscal year salary scale will be reported to the President who shall report it to the Regents.

C. Source of Plan Compensation

All Plan compensation shall be paid out of the appropriate fund accounts. Support of special department programs, sabbatical leaves, etc. by the School of Medicine Fund and School of Nursing Fund shall be by transfer of expenses from the various department fund accounts.

D. Determination of Plan Compensation

Plan compensation shall be determined by a mechanism that takes into account both the total funds available to the department and the appropriate use of those funds for the compensation of department faculty.

1. Determination of Department Budget

Each Department Chair shall be responsible for the preparation of an annual department budget which will establish a fiscally prudent position. The department budget will address expected income for the Department Fund Accounts, compensation scale and expenses, and non-compensation expenses, including department development needs.

The Dean, with the assistance of the Vice Dean and the Assistant Director, Finance will review and approve the department budgets. The base salary scale to be used in the compensation budget will be selected based on availability of sufficient operating income to support all components of the department budget.

Base scale assignment shall be by department, division, or Academic Programmatic Unit (APU) and must be uniform therein. An APU is defined as a group of faculty who are engaged in activities with a common academic programmatic linkage. APU designations must be of a size that clearly designates a programmatic relationship. After review by the Department Chair, the CAC and the Dean, the Chancellor or Chancellor's designee shall approve the APUs. Base scale assignment may be advanced to the next highest factor each successive fiscal year with the approval of the Dean. Reassignment to a lower scale may occur each year at the beginning of the fiscal year with approval of the Dean.

Deans must receive advance approval from the Chancellor or the Chancellor's designee for an APU comprising fewer than four members. The request for approval shall include the criteria for composition of the APU, and the name, series, rank and step of each member.

In reviewing the department budget, the Dean shall consider the responsibilities assumed by the faculty of the department, the academic program requirements of the department and the fiscal position of the department. When approved by the Dean, the compensation budget shall be available for payment of compensation by the department.

The fiscal position of each department shall be monitored and, if necessary, the Dean shall require a department to use its Reserve for Contingency Fund, which is described at Section VII.E, to meet current year expenses.

2. Department Plan Guidelines

In preparing recommendations for Plan compensation, the Department Chair shall adhere to Plan Implementation Procedures and to the Department Plan Guidelines, which are developed in consultation with the faculty of the department. Department Plan Guidelines shall include the basis for selection of the recommended Health Sciences base salary scales that will be used by the Department, Division or APUs and reflect necessity for sufficient operating income to meet all components of department budget including development needs.

Department Plan Guidelines must also describe the basis for determining any negotiated additional compensation (Y) and optional incentive/bonus compensation (Z). Incentive/Bonus compensation (Z) may be paid on a monthly, quarterly, semi-annual or annual basis. The Department Plan Guidelines shall state the schedule for paying Incentive/Bonus compensation. The Department Plan Guidelines should also detail the department's policy on distribution of professional witness fees.

Department Plan Guidelines must describe the types of professional income that may be retained. See Section VII.B.2. and VII.B.3. for additional information.

Department Plan Guidelines shall be reviewed by the CAC annually, prior to review of compensation recommendations, and approved by the Dean.

Prior to submitting the compensation recommendation, the Department Chair or faculty designee shall discuss individually with each Plan Participant of the department the salary to be recommended for the Plan Participant. The Plan Participant and the Department Chair shall sign a statement reflecting this discussion. Total base salary ($X+X'$), the methodology for determining the annual additional negotiated compensation (Y), and the methodology for calculating incentive/bonus compensation (Z) will be detailed. The statement is not a binding contract between the individual Plan Participant and the University, but rather a record of the salary negotiation discussion. In determining compensation level, the Department Chair shall consider total contribution of the Plan Participant, including the quantity and quality of contributions in teaching, research, professional service and University/public service. The quality of a Plan Participant's contributions includes, but is not limited to:

- a) A record of satisfactory academic progression.
- b) Fulfilling clinical, teaching, research, and administrative obligations as assigned.
- c) Meet the Faculty Code of Conduct and other UC rules and regulations.
Examples of reports to be considered include reports of inappropriate conduct or complaints filed with the Department Chair, Associate Dean for Academic Personnel, Vice Provost, or other School, Health System, or campus administrator from colleagues, staff, students, patients, or members of the community.
- d) Compliance with state and federal regulations as related to professional activities.

- e) Collegial interactions with others.
- f) Attendance at a minimum of 50% of department/health system meetings involving compliance issues.
- g) Compliance with guidelines on outside professional activities is also considered.
- h) Meeting other requirements as determined by the department and described in the Department Plan Guidelines.

Additionally, faculty with clinical responsibilities must:

- i) Maintain active medical staff membership and current license.
- j) Meet the practice standards and follow all policies of the UC Davis Health System (including billing, medical records, incentive programs).

Plan Compensation for each Department Chair shall be established by the Dean in accord with the general guidelines specified herein and the appropriate Department Plan Guidelines.

E. Separation from Compensation Plan Membership/University Employment

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 a terminated Plan Participant does not have rights to monies accruing in the accounts of the Plan or the accounts of the various departments, and that nothing in Plan Implementation Procedures shall be construed as creating an interest in accounts receivable resulting from prior professional service. Upon termination, a Plan Participant will be paid the approved compensation through the effective date of termination.

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

F. Termination of the Plan

In the event that the Plan is terminated, all Plan receivable accounts and funds within the various Plan accounts will be transferred to any succeeding Plan on the approval of the Chancellor. Salary and other benefits due faculty for service subsequent to the termination of the Plan shall be according to the new Plan and shall not depend upon the previously negotiated salaries under this Plan.

IX. BENEFITS AND PAID LEAVES

A. Base Salary Related Benefits

Base salary related benefits are associated with an individual's salary from the health sciences salary scales, paid through the University of California payroll system. These benefits include participation in the basic retirement plan, health care insurance, short-term disability insurance, regular term life insurance, and such other benefits as may be approved by the Regents. These benefits will be available to the

University of California, Davis, School of Medicine faculty and School of Nursing faculty participating in the Plan on the same basis as to all other comparable members of the University of California faculty.

B. Optional Benefits on Additional Compensation

The Regents have authorized several benefit programs on additional compensation beyond the Base Salary paid through the University payroll system:

1. Disability, life and survivors insurance programs, as approved by the Office of the President.

Policies governing optional disability and life insurance programs on additional compensation are available from the Office of President. Availability of benefits on additional compensation is subject to legal and funding considerations.

C. Paid Leave

1. General

Department Plan Guidelines shall specify amount of time and which salary rate will be used to calculate compensation for faculty on sabbatical leave, leave with pay in lieu of sabbatical, and paid leave for medical, disability, childbearing, and family reasons, including Active Service Modified Duties. The possible rates that may be used are: 1) the Health Sciences Scales Base Salary rate (X, X'), 2) the total negotiated salary rate, 3) a percentage of the total negotiated rate achieved through a reduction in Y. However, once a rate is specified for a department, division or APU, it shall be used uniformly for all Plan members in the department, division or academic programmatic unit. The specified rate may only be changed through an amendment of the Department Plan Guidelines with the approval of the Dean. The mandatory minimum amount of paid extended illness leave is six weeks' (X, X'). Extended illness leave may not exceed the maximum time period allowable under APM 710-11- a and b.

2. Sabbatical Leave and Leave In Lieu of Sabbatical

Some or all of the compensation of a Plan member on sabbatical leave or leave in lieu of sabbatical will be funded from department funds. Faculty will be paid, at a minimum, the health sciences base salary scale for an individual Plan Participant's rank, step and academic programmatic unit. Department Plan Guidelines will specify what additional salary components, if any, will be funded for faculty on sabbatical leave or leave in lieu of sabbatical.

3. Vacation

Vacation leave will be paid at total negotiated salary. If a Plan Participant is on vacation leave until s/he leaves University employment, the requirement for assignment of Professional Service Fees to the Plan, as well as all provisions of the Plan, Plan Implementation Procedures and Department Plan Guidelines will be in effect.