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ECU Physicians Clinical Faculty Compensation Plan

I. INTRODUCTION

Clinical medical education requires the maintenance of a strong and diverse clinical practice to support the educational objectives of the Brody School of Medicine (school). In order to recruit and retain skilled clinicians and mentors, the institution must provide a system of faculty compensation that is appropriately competitive. The financial support for this system of compensation is largely derived from income earned by the faculty in the provision of medical care. It is therefore essential that a system for clinical faculty compensation exists which permits earned income, in excess of that required to maintain essential infrastructure and ensure adequate resources for strategic growth of the school, as determined by the Dean in consultation with the ECU Physicians (ECUP) Board of Directors, to be directed to the compensation of appropriate individual clinical faculty.

II. OVERVIEW

Each fiscal year, department chairs will recommend to the ECUP Board total faculty annual compensation for approval by the Dean and Vice Chancellor, Health Sciences Division. Total faculty annual compensation shall include the sum of all base salaries, supplemental salaries, and stipends.

Each faculty member shall receive a base salary and supplemental salary agreed upon prior to the start of the academic year. Additionally, some faculty members may receive stipends associated with assignment of specific duties.

Productivity and excellent performance is expected from all faculty members. When such productivity and performance results in surpassing targets, including revenue generation, and Departmental/Divisional funds are available, then incentive payments may be offered on a semi-annual basis. Availability of Departmental funds means that budget targets (net gain or loss after overhead and taxes) are being surpassed. The Department Chair, Dean and ECUP Executive

Director shall jointly determine if funds are available. When such productivity targets and performance are not met by individual faculty members, the supplemental salary may be reduced.

Department chairs, deans, directors of centers or institutes and the ECUP Executive Director, who are compensated by the School, may have their supplemental component of compensation adjusted or receive incentive payments under criteria and procedures developed and administered by the Dean and the Vice Chancellor for Health Sciences.

Note: Definitions of certain terms are listed in Appendix A.

III. PROCEDURE

A. Establishing total annual compensation:

1. The faculty base salary shall be uniform across the Brody School of Medicine dependent on academic rank and will be determined by the Dean in consultation with the Executive Associate Vice Chancellor for Administration and Finance, Vice Chancellor for Health Sciences, Assistant Vice Chancellor for Health Sciences Personnel Administration, and ECUP Executive Director. In establishing base salaries, the Dean may consider AAMC salary surveys, base salaries defined for clinical faculty at the University of North Carolina at Chapel Hill School of Medicine, other appropriate salary surveys, and availability of funds.
2. Budget Units will be defined for each department by the Dean, ECUP Executive Director, and Department Chair. Budget targets for each budget unit and department shall be developed.
3. Productivity targets and the supplemental component of salary for each faculty member shall be established by the Chair. The productivity targets may include measurable outcomes for teaching, research and administrative work. However, they must also include some measure of clinical performance such as wRVUs, billing activity, and/or revenue generation (including revenue generated through contracts). Collectively, faculty members' achievement of these targets must provide sufficient revenue generation so that their units' and departments' budget targets are met.
4. The supplemental component of compensation as determined prior to the start of the academic year may increase*or decrease based upon the individual's productivity and performance in teaching, research, and clinical service and the availability of funds. The supplemental component of compensation may also decrease at the end of any quarter during the fiscal year. Decreases in the

supplemental component will be based on productivity targets established by the Department Chair or appropriate Division Chief, in consultation with each

* Supplemental increases are contingent upon the salary protocols established by the UNC General Administration and the Board of Governors consistent with approved NC legislation. This often occurs after July 1, but will be retroactive to July 1.

faculty member. These may include measurable outcomes for teaching, research and administrative work. However, they must also include some measure of clinical performance such as wRVUs, billing activity, and/or revenue generation. The supplemental component may also be decreased for unprofessional behavior, non-performance of clinical duties or non-compliance with University, School, and ECU Physicians policies and procedures.

Any proposed reduction in total salary (base plus supplemental salary) must be reviewed and approved by the Dean and Vice Chancellor, Health Sciences Division. Salary may be reduced based on modification of proposed duties or performance targets, failure to achieve last year's productivity targets, unprofessional behavior as defined in the Code of Conduct, non-compliance with University, School, and ECU Physicians policies and procedures, non-performance of clinical duties as agreed upon in the employment contract (unless non-performance is due to approved family medical leave or illness), loss of right to participate in federal insurance programs, or forfeiture or suspension of medical license or clinical privileges.

B. Monitoring performance:

At any time during the budget year, with approval of the Dean and Vice Chancellor for Health Sciences, the supplemental salary may be decreased or withheld if there is documentation of:

1. Forfeiture or suspension of license or clinical privileges
2. Unprofessional behavior as defined by the Code of Conduct
3. Loss of right to participate in federal insurance programs
4. Non-compliance with University, School and ECU Physicians policies and procedures.
5. Non-performance of clinical duties as agreed upon in the employment contract (unless non-performance is due to family medical leave or illness)

The full supplement, pro-rated for the remainder of the fiscal year, may be reinstated at such time as the circumstances listed above have been corrected (i.e., salary returns to pre-reduction level; there is no payment for salary lost during the time of the reduction).

C. During the budget year - reduction in salaries

1. Productivity will be evaluated at the end of each quarter. With the exception of new faculty who are in the first six (6) months of employment (greater than twelve (12) months for clinical instructors), faculty members not meeting their productivity targets may have their total annual compensation decreased, not to exceed 20%. The total reduction cannot exceed the annual supplemental salary. Any proposed reduction in the supplemental salary must be reviewed and approved by the Dean and Vice Chancellor, Health Sciences Division.
2. Faculty members who had a decrease in their supplemental salaries, but who increase their productivity and achieve their productivity targets in a future quarter, may have all or a portion of their supplemental salaries reinstated (pro-rated going forward) (i.e., salary returns to pre-reduction level; there is no payment for salary lost during the term of the reduction).

D. Semi-Annual incentive

1. With the exception of new faculty who are in the first six (6) months of employment, faculty members who have exceeded their productivity targets may receive an incentive payment. Such payments are dependent on the availability of funds within the faculty member's budget unit or department as determined by performance better than budget target (net gain or loss after overhead and taxes) after the incentives have been paid. Semi-annual incentive payments may not be larger than 10% of total annual salary and may not cause the faculty member's total annual compensation (including base salary, supplemental salary, stipends, and incentives) to exceed the established salary cap. All semi-annual incentive payments will be reviewed by the ECUP Finance Committee and approved by the Dean and Vice Chancellor, Health Sciences Division based on documentation provided by the Chair. The semi-annual incentive payment will be paid no later than the end of the next quarter as a lump sum.

IV. IMPLEMENTATION

The ECUP Office of the Executive Director will be responsible for assuring that the Clinical Faculty Compensation Plan is uniformly and appropriately implemented. Implementation of the Plan will be fully consistent with the UNC Board of Governors Salary Policy. All salary recommendations for affected faculty members will be made through the normal salary-setting procedures. The sum of

all components of compensation will be subject to salary ceilings prescribed in the UNC Board of Governor's Salary Policy.

ECUP HR Subcommittee Recommended Revision July 10, 2009

ECUP Finance Committee Recommended Revision September 3, 2009

ECUP HR Subcommittee Recommended Revision September 9, 2009

ECUP HR Subcommittee Recommended Revision September 18, 2009

APPENDIX A

DEFINITIONS

- A. Base Salary: That salary paid to the faculty member that compensates the faculty member for the formal and informal teaching activities, and academic administrative and scholarly activity.
- B. Budget Targets: Expectations of financial performance that are to be achieved through expense management and income generation by Budget Units and Departments.
- C. Budget Unit: A discrete group of faculty with a shared infrastructure or teaching responsibilities. A Budget Unit may be identical to a Department or may be several discrete groups that collectively constitute a department.
- D. Department: A discrete group of faculty employed within a recognized academic Unit, e.g., Department of Surgery, Internal Medicine, etc. Faculty members within a Department have a shared infrastructure and teaching responsibilities.
- E. Eligible Faculty: All tenured, tenure-track, and fixed term clinical faculty with the rank or title of Professor, Clinical Professor, Associate Professor, Clinical Associate Professor, Assistant Professor and Clinical Assistant Professor, that generate clinical revenue as billing or performing providers through professional billings or service contracts. Clinical Instructors who work for the School more than one year and generate clinical revenue as billing or performing providers through professional billings or service contracts are eligible faculty.
- F. Faculty Compensation: All monies provided to faculty by virtue of their employment responsibilities within the institution, composed of a fixed

component (base salary), a variable component (supplement), and in some cases non-permanent stipends and incentive payments.

- G. Incentive payment: A lump sum payment received for exceptional performance based on exceeding productivity targets. The incentive payment does not increase the supplemental component of salary. It does not result in “permanent” salary increase. Faculty members must be employed by the School at the time of the incentive payment.
- H. Salary Cap: A maximum annual faculty compensation level (including base salary and supplement) that cannot be exceeded; established on an annual basis by the University of North Carolina Board of Governors.
- I. Stipend: Money received for administrative assignments or for performance of temporary extraordinary clinical duties.
- J. Supplement Decrease: A reduction in the supplemental component of salary based on failure to achieve defined productivity targets at the individual faculty or unit level.
- K. Supplemental Salary: Monies that compensate faculty for clinical activity and, when combined with base salary, provide faculty compensation competitive with physician compensation in other academic and non-academic programs.
- L. Supplemental Salary Increase: An increase in the supplemental component of salary based on achievement of defined productivity targets at the individual faculty or unit level.
- M. Unit Budget Officers: The individuals with financial responsibility for a budget unit, such as a chair or section head.