School of Medicine Faculty Compensation Policy

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Applies to:
All faculty whose primary appointment is in the School of Medicine ("SOM").

Reason for Policy:
This policy describes the circumstances under which a faculty member’s compensation is set, or adjusted.

Definition of Terms:
Faculty: Any individual who has a faculty contract for full- or part-time employment with the SOM, is compensated for their effort, and who is not a member of classified or university staff, professional/administrative faculty, or the professional research staff (research associate, research scientist, senior scientist, or principal scientist),

Job performance expectations: Performance expectations, including annual salary recovery expectations, are established in the letter of offer, amendments to the letter of offer, and/or in the annual performance reviews.

Total Compensation:
A faculty member’s total compensation maybe comprised of base salary, administrative supplement and annual incentive.

Base Salary:
The base salary for faculty consists of two portions.

The minimum entry salary provides a base level of compensation for general participation in the institution’s clinical, teaching, research, and administrative activities. The minimum entry salary defines the institution’s minimal financial responsibility to each member of the faculty, assuming a minimally acceptable level of productivity. Refer to the University of Virginia Executive Vice President and Provost web page for minimum entry salary level for each academic rank,
These amounts may be adjusted from time to time through mutual concurrence of the dean and the executive vice president and provost.

An additional variable salary may be paid to faculty. The sum of the minimum entry salary and the variable salary will be the base salary. Fringe benefits (e.g., health insurance, retirement, life insurance, etc.) are calculated on the basis of the base salary to the extent permitted by law.

Administrative Supplement:
A faculty member also may receive a salary supplement for administrative responsibilities such as those performed by a department chair, senior associate dean or medical director. Administrative supplements are temporary in nature and cease when the faculty member relinquishes the administrative responsibilities.

Incentive or Bonus:
A lump sum payment that is not a part of a faculty member’s negotiated base pay.

Policy Statement:
The purpose of this policy is to set forth the principles and methodology for the compensation of faculty members, consistent with applicable law and other applicable University of Virginia and SOM policies.

Controlling Effect of this Policy
To the extent that any methodology used by a department chair/division chief in making a compensation decision contravenes, or is in any way inconsistent with, any provision of this policy, this policy shall control.

It is also the intent of the School of Medicine and the Health System that all compensation paid to clinical faculty members shall be consistent with fair market value for services rendered and in furtherance of the Health System’s tripartite mission (hereinafter “Tripartite Mission or “Mission”) of promoting, sustaining and enhancing the clinical, educational and research mission of the Health System. Clinical faculty members shall not be compensated based on the volume or value of referrals to, nor on the volume or value of any other patient-related business generated for, the Medical Center or any other entity within the UVA Health System.

Faculty Compensation:
Total annual compensation, i.e., the base salary, any administrative supplement and incentive, may not exceed 2.5 times the 60th AAMC percentile for the faculty’s department, rank, and, if appropriate, specialty. Any exceptions to this limitation must be approved in writing by the dean or the dean’s designee such as the Senior Associate Dean for Faculty Affairs and Development of the School of Medicine who shall clearly document grounds for the exception. In general, the School of Medicine uses the AAMC 60th-percentile salary benchmarks as a salary guideline.
Salary Increases:
The provost distributes guidelines for schools to use in making recommendations for faculty salary increases. Faculty members who are meeting or exceeding job performance expectations may be eligible for a salary increase.

A department chair may request an off-cycle salary increase for a faculty member who either takes on substantial additional duties, such as division chief or vice chair, or for retention purposes. In either case, clear documentation of the increased responsibility or retention issue must be provided.

All salary increase requests must be approved by the dean and by the provost prior to informing a faculty member of the increase. Annual merit increases are submitted one time per year in accordance with the University Salary Policy. Off cycle requests may be submitted throughout the year for reasons outlined in policy HRM-035: University Faculty Salaries and Bonuses.

No Salary Adjustment:
Based on job performance, annual salary recovery and other established benchmarks of performance, a department chair may recommend that the faculty member’s salary remain at its current level during the annual merit increase cycle.

Salary Reductions:
A faculty member who does not meet job performance expectations may be subject to a reduction in salary, regardless of his or her tenure status.

If a clinical faculty member (tenured, tenure-track, or non-tenure-track) does not meet job performance expectations as outlined in the Clinical Faculty Remuneration Plan and during the annual performance review with his/her department chair, the department chair may elect to give the faculty member written notice of intent to reduce his or her salary if the expectations are not met within a specified period of time (see “Procedures” below).

If a tenured or tenure-track academic investigator faculty member does not meet the minimum job performance expectations, the chair may elect to give the faculty member written notice of intent to reduce his or her salary if the job performance expectations are not met within a specified period of time (see “Procedures” below).

While annual incentive eligibility is based upon meeting the minimum salary support benchmark in any given year, for the purposes of calculating the annual salary recovery expectations related to ongoing job performance evaluation, the School of Medicine recommends that extramural salary support for academic investigators be computed at the beginning of each fiscal year as a 3-year rolling average. Each department should notify its faculty members regarding their current support average each year during the annual review process.
Generally a salary reduction will not exceed 10% in any given year. However, on a case by case basis, reductions of more than 10% are possible. All recommendations for salary reduction require approval by the dean of the SOM. At no time may a full-time faculty member’s salary be reduced to an amount that is less than the current minimum entry levels (adjusted for percent FTE) published by the University Budget Office. If a faculty member converts to part-time, then the part-time minimum salary is calculated based upon the percent FTE multiplied by the fulltime minimum’s set by the Budget Office.

Incentives:
Annual incentives for basic science faculty are outlined in the Basic Science Incentive Plan policy. Annual incentives for clinical faculty are outlined in the Clinical Faculty Remuneration Policy.

Distribution of incentive payments shall be based on the accomplishments, collective productivity, quality, excellence, and citizenship of an individual faculty member, and of his/her department/division as a whole, in teaching, research, and the provision of clinical care. Incentives may also take into consideration a faculty member’s clinical effort and personal productivity, but shall not be based on the volume or value of referrals to, nor on the volume or value of any other patient-related business generated for, the Medical Center or any other entity within the UVA Health System.

Bonuses:
All other one-time payments to faculty are governed by the Provost’s policy on bonuses and also shall not be based on the volume or value of referrals to, nor on the volume or value of any other patient-related business generated for, the Medical Center or any other entity within the UVA Health System. In general in the School of Medicine, bonuses paid to faculty under the Provost’s policy do not exceed 10% of the faculty member’s negotiated salary.

Procedures:

Salary Increases:
The department chair may make a recommendation to the dean for a salary increase based on the faculty member’s teaching, clinical, and/or research performance, as well as financial productivity and departmental and institutional service. The recommendation should be accompanied by a justification for the requested increase.

The dean may approve the request, suggest a different level of increase, or request additional justification. The dean forwards all salary increase recommendations to the provost. The chair should not communicate a salary increase request to a faculty member until the provost has approved the request.

No Salary Adjustment:
The department chair will discuss performance expectations with the faculty member during the comprehensive annual review. If the recommendation for no salary adjustment is based on a low level of performance, the chair will ensure that the faculty member understands performance expectations. This conversation should be documented in writing by the department chair with a copy to the faculty member.

If the recommendation for no salary adjustment is based on the high level of faculty member’s current salary, this should be explained with documentation of the AAMC 60th-percentile salary for the applicable rank and specialty.

**Salary Reductions:**
The department chair (and/or division chief) will discuss substandard performance and expectations with the faculty member. While these discussions should occur during the annual performance reviews, they also should occur when it is evident that the faculty member is not meeting the standards. These conversations must be documented in writing by the department chair and copied to the faculty member to ensure that verbal counseling about the need for the faculty member to meet performance expectations has occurred over a period of at least six months. In most circumstances the written notice will allow a minimum of an additional six months to demonstrate performance improvement prior to implementation of a salary reduction.

The combination of verbal counseling (minimum of 6 months duration prior to issuance of notice of intent to reduce salary) and the written notice of intent to reduce salary (minimum six months prior to salary action) should give the faculty member a minimum of twelve months to address performance concerns prior to actual reduction of salary.

If, after discussing the faculty member’s performance and documenting those discussions, the chair feels it is appropriate to deliver written notice of the intent to lower the faculty member’s salary if improvement is not demonstrated, the chair will forward a copy of the draft letter of intent to reduce salary to the dean’s office for review and approval. The dean may ask to review the documentation describing the prior discussions with the faculty member. The signatures of the department chair and the dean (or his or her designate) are required on the salary reduction letter that is delivered to the faculty member.

**Incentives:**
Department chairs can propose annual incentives for faculty for approval after the fiscal year closes according to the guidelines in the Clinical Faculty Remuneration Policy and the Basic Science Incentive Plan.

**Bonus:**
Bonus payments for reasons such as retention, sign-on, or recognition can be proposed throughout the year and must adhere to policy HRM-035: University Faculty Salaries and Bonuses.
Related Policies and Guidelines:

1.640 Salary Support Expectations for Faculty

1.620 Basic Science Incentive Plan

1.630 Clinical Faculty Remuneration Plan

Annual Performance Reviews http://provost.virginia.edu/node/24

For the University Salary Policy and the minimum salaries from the Budget Office
http://www.virginia.edu/budget/

HRM-003 Employment of Non-Tenure-Track Faculty
https://uvapolicy.virginia.edu/policy/HRM-003

HRM-033 Professional Research Staff
https://uvapolicy.virginia.edu/policy/HRM-033

HRM-035: University Faculty Salaries and Bonuses
http://uvapolicy.virginia.edu/policy/HRM-035

1.600 Policy on Offering Sign-On and Retention Bonus Payments to Faculty

Revision history:
Formerly: “1.650 Salary Adjustment” implemented 5/14/07; administrative updates 1/27/15. Revised 11/17/2016 and renamed “School of Medicine Faculty Compensation”; administrative updates 7/27/20