



INDIANA UNIVERSITY
SCHOOL OF MEDICINE

Faculty Effort and Compensation Policies Frequently Asked Questions

COMPONENT 1 – CORE

- 1) Does the core component apply to total salary, academic and clinical (which is funded from IUHP)?

Yes, the core component applies to total salary including the clinical salary. The Department is responsible for providing the core salary to a faculty member even if the person's effort is 100% clinical.

For example, consider a full time faculty physician at the rank of assistant professor who is 100% clinical and on the clinical compensation model is making \$40,000. The department is responsible for bringing the faculty member's salary up to \$50,000.

COMPONENT 2 – ADJUSTABLE SALARY

- 2) Does the 10% decrease limit per year apply to the clinical salary paid from IUHP as well as the academic salary?

The 10% decrease limit per year only applies to the academic salary. The clinical salary is set at the discretion of the department with approval by the practice plan, and will vary accordingly.

- 3) If a faculty member changes effort assignment to have an increase of clinical effort and a decrease of academic effort, is this change limited to 10% of the academic effort due to the limit on decreasing adjustable salary by 10%? For example, if a faculty member is 60% academic and 40% clinical and then wants to increase the clinical effort to 100% which would entail reducing the academic effort by 60%, can she do this?

The requirement of 10% decrease limit on academic salary applies to the salary rate. It does not apply to a change in effort. For example, consider a faculty member who makes \$220K in total salary based on \$120,000 derived from 60% research and education effort at an AAMC benchmark of \$200K per year, plus 40% effort clinically (from the practice plan) that

contributes another \$100K for a total of \$220,000. If this faculty member changes her effort to 25% academic and 75% clinical, the academic component would change to \$50,000 (25% of \$200,000) and the clinical component would increase. The academic component would go down more than 10% because of the change in effort. On the other hand if this faculty member's academic compensation was to decrease for performance reasons, the decrease would be limited to 10% of the academic portion of pay; namely 10% of \$120K or \$12K.

- 4) Is there a limit to the increase in adjustable salary for high performing faculty?

For high performing faculty, the increase in the adjustable salary can be as high as allowed by applicable federal and University guidelines and that is affordable for the department. The plan does not put a cap on the increase in the adjustable salary. However, the department, as a whole, must adhere to the University's annual salary guidelines in determining salary increases and decreases.

- 5) Who determines the amount of the increase and decrease in adjustable salary?

The increase and decrease in the adjustable salary is determined by the productivity and quality expectations set by the Chair or, when applicable the Associate Dean and Director of a Regional Medical Education Center, (or his/her designee) and University compensation budget guidelines.

- 6) What determines an increase or decrease in the salary for clinical effort?

For faculty who provide clinical care to patients, the adjustable salary component can increase or decrease based on the expectations outlined in the department's approved clinical compensation plan. This salary component is not guaranteed and set at the discretion of the department with approval of the practice plan.

- 7) If the adjustable salary is decreased below 10% (a 10% decrease per year over a few years) can it be brought up to more than 10% in one year if performance justifies the increase?

If salary is decreased below 10% over a few years, it can be brought back up more than 10% if the situation and faculty performance justifies doing so and the increase adheres to University policy.

- 8) What is the timing and process for increasing or decreasing the adjustable salary?

Faculty annual reviews are conducted in the first quarter of each year. The Chair or Associate Dean and Director of a Regional Medical Education Center will recommend changes in base salary based on faculty annual reviews. During the process, the Chair will incorporate the recommended salary changes, adhering to the University salary budget guidelines, in the next fiscal year's budget. The approved salary adjustments will be seen in the faculty member's July paycheck.

9) Must the department adhere to the University salary guidelines?

Yes, the department's total change in salary from one year to the next must adhere to the University salary guidelines. For example, if the University salary guideline is a 2% increase for the department as a whole, then for a Chair to give one faculty member a 10% increase, other faculty members must receive a smaller increase, no increase, or a decrease so that the department's total salaries do not increase by more than 2%.

COMPONENT 4 – BONUS

10) How are bonus amounts determined? What are the criteria for being eligible for a bonus?

In order to issue a bonus, the department must have submitted a bonus plan to the School and University for approval. Bonus amounts and criteria for receiving bonuses are based on each department's approved bonus plan.

11) When can bonuses be given to faculty?

As long as the department has an approved bonus plan, bonuses can be given to faculty at any time during the year. Bonuses are given to faculty as "supplemental payments". No benefits accrue on the bonus. The Chair approves the bonus and sends the request to the Dean's office. The Dean's office approves and forwards to campus for approval and processing.

FACULTY EFFORT AND RESEARCH FUNDING EXPECTATIONS

12) Does the policy require a certain percentage of salary coverage on grants?

Yes. Per the IUSM Faculty Effort Guidelines, the goal for faculty members with research expectations is to fund 80% of their designated research effort through grants after the startup period is concluded, calculated using a 3-year rolling average. The minimum expectation for faculty members with research expectations is to fund 60% of their designated research effort through grants after the faculty member's startup period is concluded, using a 3-year rolling average.

For example, if a faculty member has 70% designated as research effort, 25% designated as education effort, and 5% as service effort, then the goal for that faculty member would be to fund 80% of the 70% research effort (or 56% of total compensation). The minimum expectation for this faculty member would be to fund 60% of the 70% research effort (or 42% of total compensation).

13) Does this funding expectation include salary and fringe?

Yes, up to the NIH cap

- 14) What is a typical research effort allocation for faculty members who have research as their area of excellence?

The usual research effort allocation for tenure track faculty members with research as their area of excellence is .70FTE to .80FTE, depending on the department and other individual factors. Faculty members on the research scientist track are generally not expected to teach and have minimal or no service obligations, therefore, funding expectations and research effort allocations are higher. Extramural funding expectations for research scientists may be up to 100% of research effort.

- 15) I hold an endowed professorship that supports a percentage of my salary. Does this salary support count toward meeting the expectations for extramural funding?

The IUSM Faculty Effort Guidelines state, "To support their research, faculty members are expected to obtain funding from external granting agencies, such as NIH or other federal agencies, foundations, contracts for clinical trials or other private or industry sources, and research endowments." Endowments are considered external to department funds, thus salary supported through an endowed professorship does count toward meeting expectations for external funding.

- 16) How do the research funding expectations apply to investigators holding VA appointments?

A faculty member's designated research effort should be determined based on the total percent of time allocated to research regardless of how much of that person's time is funded by the VA. However, because the school does not have purview over VA compensation, any changes in compensation would need to be applied to compensation paid by Indiana University.

- 17) Is deficiency in funding from extramural grants sufficient to be given an unsatisfactory annual faculty review in the presence of outstanding performance in publications, teaching, and service?

Research funding is an important factor in determining whether a faculty member's performance is satisfactory, but it is not the only factor. Chairs and directors should consider performance across all mission areas to inform their annual review decisions. That is, the annual review should reflect a more holistic assessment across research, teaching, service, administrative work, and professionalism/citizenship. Salary can be adjusted even if the annual review is satisfactory overall.

- 18) How do I know what my effort allocations are? Who sets the effort allocations?

Your individual effort allocations will be determined through discussion with your chair or director each year during your annual faculty review, or whenever there is a change in effort assignments. There should be a mutual understanding between each faculty member and his/her chair or director regarding individual effort allocations and expectations in each applicable mission area.

Other

19) Who does a faculty member go to if s/he wants to appeal the application of the policy to their individual situation?

The faculty member should follow the IUSM grievance process, which can be found on the website for the Faculty Affairs, Professional Development, and Diversity office.

20) Is the department Chair required to comply with the IUSM Compensation Principles and Policy?

Yes.

21) Does the IUSM Compensation Principles and Policy apply only to new hires?

No. The IUSM Compensation Principles and Policy applies to all faculty members.