

August 1, 2013

To: All Faculty, Department of Medicine

From: David Coleman, M.D.

RE: Clinical and Research Productivity Determinants of Faculty Compensation

As academic departments confront increasing financial pressure on faculty compensation in each of our key missions, it is critically important to develop more transparent financial policies that optimize the prudent use of resources, promote excellence in the department, and aid the faculty in meeting their professional and departmental goals. Specifically, we need to balance the financial constraints of the department with the need to maximize faculty support, and to achieve a broader understanding of the rules and policies governing compensation. Therefore, the department's Finance Committee was asked to provide recommendations concerning faculty compensation to help the department achieve these goals. The Finance Committee has made a set of recommendations that have been subsequently discussed in a number of forums (e.g., several faculty meetings and three section chief meetings). The policy on faculty compensation set forth below is the product of these discussions.

1. **Clinical Faculty** are assigned wRVU targets by their respective Section Chiefs based on section wRVU benchmarks assigned by the FPF and the amount and type of clinical activities to be performed by the faculty member. Faculty who not reach their wRVU target will be strongly encouraged to take additional steps to meet the target prior to the end of the academic year. The consequences for clinical faculty who do not reach their wRVU target are as follows:

a. Faculty with wRVU's between 90% and 100% of the applicable wRVU target at the end of the year will be **ineligible** for:

1. Cost of Living salary increases in the following academic year;
2. Incentive payments;

b. Faculty with wRVU's below 90% of the target will be subject to salary reduction in the following academic year. Salary will be reduced in the following academic year by 2% per 1% below 90% of the wRVU target **prorated to the clinical effort**. For example, if the wRVU's are at 85% of the target established by the section chief for a faculty member who spend 50% effort in clinical activities, salary will be reduced by 5% for the following academic year ($90-85\% \times 2 \times 0.5$).

c. Faculty subjected to salary reduction can restore full base salary by the start of the following academic year (12 months after the academic year in which the shortfall was incurred) by increasing wRVU's to an amount over target equivalent

to the prior year wRVU deficit. For example, a faculty member who was 300 wRVU's short of target in year 2012-13, can make up the 300 wRVU's in the 2013-14 academic year and have their salary restored to the previous base level effective at the beginning of the 2014-15 academic year. These "extra" wRVU's must be generated above the wRVU target set for the individual in the concurrent year;

e. Salary reduction for individual faculty will **not**:

1. exceed 20% of total compensation nor result in a total salary below the 25th percentile of the northeast AAMC salary benchmark by specialty;
2. apply to faculty in the first year of their appointment;
3. be applied if the section has a positive operating margin at the end of the year **OR** if the section has reached the section wRVU target (derived by budgeted cFTE x applicable wRVU benchmark by specialty).

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2. **Research faculty** are expected to support their salary through research grants and contracts, and, in some instances, through departmental or institutional support for teaching or administrative duties. Nonetheless, many accomplished and valued research faculty experience gaps in funding of their respective research programs, including their salaries. In these circumstances, it is critical for the department to retain our most outstanding research faculty in a financially responsible manner while also complying with BU policies. Accordingly, the following policies will be in place for AY 2014 regarding funding expectations of research faculty:

a. Research faculty with an unmodified (non-FPF) title: As with all faculty, the annual meeting with the Section Chief should identify sources of salary support and dates of expiration of grants or other funding sources. Faculty should not be more than 95% supported on research grants (note: Department provides funding for individuals with 95% or more of research effort up to the NIH cap equivalent to 5% of the salary and fringe for the individual faculty member. Faculty with salaries over the NIH cap must generate 95% of their total compensation to be eligible for the departmental 5% contribution.). Faculty whose funding is **<95%** should work with their Section Chief to develop a plan for funding that includes identification of grant opportunities (including a bridge funding application) and consideration of salary reduction or effort reduction commensurate with available salary support (note: reduction in effort may result in loss of some benefits and may compromise competitiveness on future grant applications).

b. Research faculty with a shortfall in funding of salary will be subject to a letter of non-renewal according to the following:

1. **Letters of Non-Renewal** will be distributed for faculty with **less than 85%** support for their salary TWELVE months prior to the anticipated shortfall. The timing of the letter of Non-Renewal may be delayed up to SIX MONTHS prior to the anticipated shortfall at the discretion of the

Section Chief (with approval by the Chair) IF the faculty member has grant application(s) pending or planned at the TWELVE month point that would cover the salary deficit. The terms of the Letter of Non-Renewal will be compliant with those outlined in the Boston University Faculty Handbook.

2. **Temporary exception** to the aforementioned timeline may be granted for up to one year if the faculty member has a record of full extramural grant support (as PI or Co-PI) for at least five years. In addition, faculty who agree to reduce effort or reduce their compensation level may be granted an exception to the six to 12 month deadline. Individuals who reduce their compensation or effort sufficiently to have support above the 85% threshold will not be sent Letters of Non-Renewal. Faculty should be aware of disadvantages in reducing effort. Reduction in effort may adversely impact eligibility for benefits, be viewed unfavorably by federal funding agencies, and may also jeopardize the BU guarantee of one, two, or three years of salary support based on Assistant, Associate, or Full Professor, respectively, as described in the Faculty Handbook.

Some new faculty, generally Assistant Professors, are granted funds by the section or department to support their research programs for a three year period. **Assistant Professors** will be expected to support at least 85% of their salary from grant funding sources after the period of departmental and/or sectional support elapses. The continuation of the support beyond the term of the initial appointment and timing of a notice of non-renewal will be decided by the Section Chief based on availability of funds and the progress of the faculty member in meeting milestones established jointly with the Section Chief. Professors and Associate Professors will be subject to funding rules described under 2b.1 above.

Research faculty in the FPF (clinical) are also expected to generate the research component of their salary through peer-reviewed grant funding. Clinical responsibilities will need to be increased to make up for a shortfall in research funding of their salary. In some instances, the section or department may provide temporary salary support of up to 50% of the research salary shortfall to enable the faculty member's research program to secure funding. The period of funding the salary shortfall will be for up to one year, with a possible extension to a total of two years in selected cases.

As we join together in making the best decisions for individuals and for the department, we will need to continually refine these policies and approaches. These policies are intended to use an approach to compensation based on our fiscal realities that will help us achieve the goals outlined above. The content of the policy should not detract from the shared pride in the accomplishments of our faculty and our collective desire to see all faculty succeed. At the risk of emphasizing the obvious, the department's success is

clearly dependent on the success of the faculty. I look forward to working with you to implement these policies in a manner that is transparent, fair, and consistent with our collective goals.

David Coleman, M.D.