Faculty Compensation Guidelines
Miller School of Medicine
University of Miami
Faculty Council Revision

Preamble:

This is to be an iterative and transparent process.

During the shadowing period (tentatively January through June 2018), monthly reports will be provided to faculty to allow for a clear picture as to what the impact of this compensation plan will be. During the 3 year roll-out period (June 2018 through June 2021), feedback will be solicited on a 6 month rolling basis to allow the Faculty Council to monitor and improve the plan. After that period, the Council will monitor on a yearly basis.

Compensation guidelines will apply to all University of Miami Miller School of Medicine (UMMSOM) salaried faculty with rank of Assistant, Associate, or Full Professor, employed full time or part time by the University of Miami, except for Research and Teaching tracks. For these tracks, an independent set of guidelines will be developed. Faculty will be provided market-based compensation.

The overall goal of the UMMSOM/UMMG faculty compensation guidelines is to provide for the recruitment and retention of high-quality faculty who collectively and individually advance the overall mission of the institution, and assure the fiscal health of the UMMSOM.

These guidelines will go in effect in Fiscal Year (FY) 2019 and will be evaluated on a continuous basis. This draft will be reviewed after the 6 months modeling period. Further reviews will be done on a yearly basis by the Faculty Council to ensure that the actual results match the goals stated below. These guidelines do not supersede the Faculty Manual of the University of Miami.

1. Policy and Scope for Clinical and Non-Clinical Faculty
   The overall goals of these guidelines are to:
   a. Competitively compensate University of Miami Miller School of Medicine (UMMSOM) Faculty members for their contributions to the following areas: clinical care, administration, research, education, service, and leadership
   b. Improve correlation between compensation and productivity
   c. Provide for transparency to the compensation process
   d. Incentivize compliance with all governing laws, regulations, and policies
   e. Promote the highest standards of ethics

2. Guidelines for Clinical Faculty
   For new faculty hired within the last 3 years, original letters of offer will be honored for three years from date of hire, after which the faculty member will fall under the guidelines specified in this compensation document.
   a. Components of clinical faculty compensation include
      i. Clinical productivity, patient outcomes, and quality of care
      ii. Administrative assignments
iii. Research
iv. Education (teaching and mentoring)
b. Objective: External benchmarks will be utilized to ensure that faculty are paid fairly and that productivity is judged appropriately.
   i. The Association of American Medical Colleges (AAMC) median (updated yearly) of faculty compensation (for private schools) by rank and discipline is the goal for productive faculty.
   ii. For our most highly productive faculty, the aspirational goal will be to approach the 75th percentile of AAMC faculty compensation by rank and discipline (for private schools).
   iii. To ensure faculty are paid within market based compensation, salaries will be adjusted yearly to make certain no faculty is paid less than the 25th percentile of AAMC faculty compensation, assuming base productivity metrics are met. Compensation packages below this level will have to be approved by the Faculty Compensation Advisory Committee (FCAC) (see below).
iv. Faculty compensation above the 75th percentile of AAMC in any given FY must be approved by the Dean and Executive Vice President for Health Affairs and the University's Board of Trustees.
v. Salary for new hires will be set at least at 25% AAMC (or equivalent) of faculty compensation. Depending on the specialty and practice setup, an appropriate ramp-up period will be set with clearly defined productivity metrics defined during the ramp-up period. Faculty can be expected to earn at least median AAMC salary after the ramp-up period – assuming yearly productivity benchmarks are met.
vi. For the current faculty not meeting the wRVU requirement for their salary, a grace period of 2 years (before decreasing their salary) is possible with the chair approval to provide the departmental/hospital support necessary to increase the required clinical productivity.

3. Oversight: The Faculty Compensation Advisory Committee (FCAC) is a permanent committee of UMMSOM dually appointed by the Dean and the Faculty Council. It is co-chaired by the UMMSOM Executive Dean for Clinical Affairs/UMMG Chief Executive Officer, and the Executive Dean for Research. The committee will consist of 6 members drawn from clinical and non-clinical faculty and represent all ranks.
   a. 5 of the members will be chosen by the Faculty Council and approved by the Executive Vice President for Health Affairs, and at least one will be a member of the Faculty Council.
   b. 2 members (1 clinical and 1 non-clinical) will be chosen by the Dean of the UMMSOM.
   c. An equal number of members will be appointed as alternates, equally distributed between clinical and non-clinical, and representing all ranks. Alternate members will be appointed in the same fashion as their corresponding committee member. Alternate members may attend all meetings, though may vote only if their committee member is absent.
   d. Terms will generally be 3 years. Any unexpected departure will necessitate the appropriate appointing body to nominate a new candidate.
   e. Each department will nominate a departmental compensation committee with at least 3 members, one from each rank. They will provide a mechanism for feedback from the department to the FCAC as needed. This committee will be elected by departmental faculty for 3 year terms.

4. Components of Compensation for Clinical Faculty
a. This plan utilizes an XYZ framework, which is comprised of both fixed and variable components. Faculty members will be compensated with a fixed base pay ("X") and may receive individual ("Y") as well as departmental ("Z") incentive pay if predefined performance measures are met or exceeded.

b. The market-based compensation described above will be a total of the X and Y components of this framework.

i. (X) Fixed Component – Paid Monthly
   It is based upon academic rank and various missions of the UMMSOM. It is expected to match the updated AAMC median of faculty compensation (for private schools) salary by rank and discipline for productive faculty. For existing faculty members, the fixed X component in FY2019 will be set as the highest of the FY2018’s base compensation level or at the level defined in 4.b.i.4. (excluding any amounts that were paid as variable compensation, such as incentives). The X Component shall also be referred to as the faculty member’s “base compensation” and reported as such to funding agencies.
   1. Academic rank takes into account a defined set of expectations in the areas of education, research, and citizenship.
   2. The fixed component also reflects mission-based compensation determined by a faculty member’s clinical, administrative, research, educational, and leadership duties.
   3. Clinical expectations will be generally defined by wRVU productivity metrics. Additional relevant clinical metrics may be used with the approval of the Department Chair and Dean. For some specialties, in which coverage and call responsibilities do not accurately capture clinical productivity, the Dean and the FCAC may approve a non-RVU based compensation model.
   4. Subject to the Medical School Council Policies and Procedures Relating to Faculty Compensation, X may be adjusted yearly based on
      a. The previous year’s total compensation X+Y
      b. Changes in responsibilities within the CARE (clinical, administrative, research and educational) framework as approved by the department chair
      c. Changes in rank

ii. (Y) Variable Component – Paid Quarterly
   1. The Y compensation plans will be set by the faculty of each department, utilizing the CARE framework and taking into account each Department’s specific clinical, administrative, research, and educational needs. Each departmental plan will be reviewed yearly and approved by the FCAC.
   2. In general, components of clinical departmental plans will include work units (wRVU) or other appropriate productivity metrics during the prior reporting period. Additional relevant clinical metrics may be used with the approval of the Department Chair and Dean. For some specialties, in which coverage and call responsibilities do not accurately capture clinical productivity, the Dean and FCAC may approve a non-RVU incentive model.
   3. Clinical faculty will be expected to produce the median wRVU (adjusted for clinical effort) for their specialty to support the median AAMC salary described in X. Exceeding this metric will trigger the variable component of compensation.
   4. The first 10% above the expected 100% of wRVU produced will be provided to the Department for the Z component.
   5. For production above 110% of the expected goal, an incentive will be paid quarterly as part of the Y component. A dollar amount per wRVU will be set and paid out.
6. If productivity expectations averaged over the previous FY of expected wRVU are not met, this will lead to potential decrease in salary in the following year on a per RVU dollar amount, not to exceed 10% of previous salary. This decrease will take place only if it can be reasonably assumed this represents the faculty’s new baseline productivity.

7. Monthly reports will be provided to faculty such that each faculty member is aware of her/his standing as the Y components accumulate quarterly.

iii. **(Z) Departmental Incentive Component – Paid Yearly**
   1. This component of variable compensation will be based upon Institutional and/or Departmental performance. It is paid above the X and Y components of the plan. Guidelines for this component are to be established by the Dean and FCAC and can be customized for each Department.
   2. Faculty members must be actively employed by the medical center on the scheduled date of incentive distribution to be eligible for the Z component.

5. **Guidelines for Clinical Faculty Compensation Formulas**
   Determination of the exact formula for compensation (X and Y components) will be done at the Departmental level.
   a. The Chair will determine in agreement with the faculty the expected requirements for wRVUs, the dollar equivalent of wRVUs for salary compensation of research grants, teaching EVUs, and compensation for administrative duties.
   b. Using available income resources, Departments are encouraged to include parameters of academic excellence providing compensation (wRVU equivalents) for strategically desirable outcomes, including, for example, patient satisfaction, student / resident performance and satisfaction, publications, patents, scientific collaborations, faculty mentoring, community outreach and advocacy, etc.
   c. For physician scientists, guidelines described in section 6. for extramural research funding support will apply as follows:
      i. The school will provide $1 for every $2 in salary support from extramural sources.
      ii. Losses of grant funding will not result in a reduction in the fixed research component for at least 3 years, as long as the faculty member continues to apply for lost funding, receives appropriately positive reviews of grant/contract applications, and continues with the expected clinical, teaching, and administrative components of the salary.
   d. The Chair will provide the departmental-specific compensation plan to the Dean and FCAC.
   e. Departmental expectations for faculty productivity in the X and Y components will be communicated to the faculty no later than March 31st of each year.

6. **Compensation Guidelines for Non-Clinical Faculty**
   Guidelines for Research and Educator tracks will be elaborated separately by the Dean of the UMMSOM and approved by the Faculty Council. For non-clinical Tenured or Tenure-track faculty in both Clinical and Basic Sciences departments the approach to compensation shall be as follows.
   a. For faculty involved in research, the fixed component (X) will be determined between the faculty member and the corresponding Chair at the time of employment and adjusted yearly considering the AAMC faculty compensation by rank and discipline.
   b. The institutional expectation is that faculty with research effort will cover at least 65% of the fixed research component of their salary from external grants and/or contract funding, or other funding sources, including endowments, pilot funds, and bridge funding and/or institutional sources.
Educational and/or administrative components can be added to the extramural research component of the salary to meet expectations. For each $2 in salary sourced to external grants and contracts, the School of Medicine will provide $1 in additional salary support, up to 35% of the NIH salary cap. Losses of grant funding will not result in a reduction in the fixed research component for at least 3 years, as long as the faculty member continues to apply for lost funding, receives appropriately positive reviews of grant/contract applications, and continues with the expected teaching and administrative components of the salary. The expectation of a 65% salary coverage should be periodically adjusted to match the 50th percentile of non-clinical faculty in medical schools.

c. Existing faculty who are meeting their compensation requirements through teaching or administrative duties, but are paid below the 25th percentile in AAMC standard compensation will be paid an X component at the 25th percentile in AAMC standards commensurate with rank and discipline.

d. Salary support of less than 90% of the 65% expectation set in b., averaged over the previous 3 FYs of expected research, teaching, and administrative components of the salary, when considered in light of a reasonable projection of the likelihood of new, renewed, or lost funding that has been approved by the Department Chair plus objective metrics including publications and scores of submitted grants, will lead to potential decrease in salary (as per the Medical School Council Policies and Procedures Relating to Faculty Compensation). In this event, the Chair will communicate to the faculty the underperformance as prescribed in the Faculty Manual. Any decreases will follow current guidelines including those for tenured salary, should not exceed 10% of the previous year salary, and should be proportional with the degree of underperformance during the previous three years. For faculty members whose base salary (X) is below the AAMC 25th percentile, only the chair of the department will have the authority to approve further salary decreases based on the overall productivity and academic contributions. Newly hired junior faculty will be exempted from these expectations for the first 5 years of their employment.

e. For existing faculty members, the fixed X component in FY2019 will be set as the highest of the FY2018’s base compensation level or at the level defined in 6.c. (excluding any amounts that were paid as variable compensation, such as incentives). The X Component shall also be referred to as the faculty member’s “base compensation” and reported as such to funding agencies. Eligibility for the Y Component will be determined by each Department and reviewed and approved by the Dean, or his/her designee, with input from the FCAC as appropriate.

f. The Y (incentive component) will be set as follows

i. Faculty generating more than 100% of the expected 65% salary support, will receive individual salary incentives (Y) per a plan set by the faculty of each Department taking into account their specific CARE needs.

ii. Faculty generating 110% of the expected 65% salary support set in §6.a-e. will be provided with a discretionary incentive account where extra salary support and 5-10% of the indirect costs (IDC) from the excess funding will be deposited. These accounts will indefinitely roll-over to consecutive FYs until either used or until the faculty member leaves the Institution. In such an event, the balance will be reverted to the primary department.

iii. Incentive accounts can be used to purchase goods for research or teaching at the UMMSOM; to pay for research or teaching related travel, for UMMSOM staff regular salaries, for graduate student or post-doctoral stipends; or to pay a salary bonus for the faculty member (Y), not to exceed 10% of the annual salary for the FY.
iv. The average of \( Y \) components over the previous 3 years paid as salary to the faculty as salary bonuses can be added to the \( X \) component to define a new, increased base salary (\( X \)) reportable to funding agencies. This increase cannot exceed 15% of the previous \( X \) component.

6. Compensation Guidelines for Faculty Involved in Educational and Administrative Roles
   The portion of compensation based on such educational activities will be paid in the following manner:
   
   a. Educational Value Units (EVUs) will be used to determine payments for undergraduate, graduate, and medical teaching. The economic value of an EVU will be proposed by Chairs in agreement with departmental faculty. It will be approved annually by the Dean (or designee) and shall reflect the pool of dollars available for this purpose from at least 80% of UMMSOM tuition streams and other appropriate institutional sources including undergraduate teaching in other schools of the University of Miami. EVUs will be assigned to each type of compensated educational effort.
   
   b. Faculty with a designated and significant education role not captured by EVUs and an effort that would not be expected from all similar faculty will be compensated on a percentage FTE basis based upon the rank and specialty-specific AAMC benchmarks for basic or clinical sciences.
   
   c. Graduate Medical Education (GME) program administrative effort of ACGME-approved program directors, associate program directors, and key faculty will be determined based upon RRC requirements.
   
   d. Ph.D. graduate education programs administrative effort shall be proposed by the Executive Dean for Research in consultation with Graduate Program Directors on the basis of strategic investment.
   
   e. Faculty members in administrative roles, to which they are elected by the faculty or appointed by the Dean or Chair, and for which they do not receive compensation, will have their effort target reduced on a percentage full-time equivalent (FTE) basis required to fulfill such administrative role. The FTE value for each role will be determined by the FCAC and approved by the Dean and the Executive Vice President of Health System Affairs.

7. Resolution of Conflicts
   Individual compensation plans will be determined by negotiations between the faculty member and the corresponding Chair or designee. If agreement cannot be reached, the faculty member may appeal to the Dean and the FCAC. Finally, faculty members may pursue their concerns/disputes through the UMMSOM faculty grievance process.