

University of California, San Francisco School of Medicine Implementing Procedures for the Health Sciences Compensation Plan

I. INTRODUCTION

The Health Sciences Compensation Plan (“Regents’ Plan” or “the Plan”) was approved by The Regents of the University of California in July 1999 and amended in 2012 for implementation at all University of California health sciences schools. In accordance with the Regents’ Plan, the President issued *Conflict of Commitment and Outside Professional Activities of Health Sciences Compensation Plan Participants*. The procedures contained herein (“Implementing Procedures”) provide supplementary regulations for implementation of the Regents’ Plan at the University of California, San Francisco (UCSF) School of Medicine and were approved by the President on (April 8, 2013). These Implementing Procedures are effective July 1, 2015 and supersede any and all previous Implementing Procedures.

In adopting these Implementing Procedures the faculty and administration of the School of Medicine at UCSF affirm the philosophy outlined in the Regents’ Plan. The Regents’ Plan and these Implementing Procedures shall be used by each department/organized research unit (ORU or “unit”) to foster academic balance among the joint responsibilities of teaching, research, and other creative work, professional activity and University, and other public service. Individual levels of compensation shall be established so as to maintain this academic balance and to permit the recruitment and retention of the individuals necessary for the School to fulfill its missions at a level of excellence.

In addition to these Implementing Procedures, faculty who are members of the Plan (“Plan Participants”), as defined in section IV of these Implementing Procedures, are also subject to the requirements of other University policies, including (1) the University’s Conflict of Interest code, adopted pursuant to the requirements of the Political Reform Act of 1974, which requires designated University employees to disqualify themselves from participating in University decisions in which they have a personal financial interest; and (2) the Policy on Requirements to Submit Proposals and to Receive Awards for Grants and Contracts Through the University. A Plan Participant’s compensated outside activities may create an obligation for the Plan Participant to disclose a financial interest before making or participating in certain University decisions. Faculty may obtain information on the disclosure and disqualification requirements of

the Political Reform Act of 1974, including the Academic Decision Regulation, from the campus Office of Legal Affairs.

II. REVIEW AND APPROVAL RESPONSIBILITY

These Implementing Procedures are developed to be consistent with the policy framework of the Regents' Plan. Affected Plan Participants shall be afforded the opportunity to review and comment on any proposed revisions to the Implementing Procedures, including consultation with the School of Medicine's Compensation Plan Advisory Committee ("Advisory Committee"). All such revisions shall be approved by the Dean, the Chancellor, and the President or the President's designee. Local implementation shall be administered by the Dean or his/her designee. All department/unit individual compensation plans ("department/unit guidelines") shall be reviewed by the Advisory Committee and reviewed and approved by the Dean or his/her designee prior to implementation.

The Chancellor may approve individual exceptions to the provisions of the Regents' Plan to meet special teaching, research, or clinical service requirements. All such exception requests shall be proposed by the appropriate Department Chair ("Chair")/ORU Director ("Director") and approved by the Dean or his/her designee prior to the Chancellor's review. The School of Medicine Advisory Committee shall be provided the opportunity to review and comment on any proposed exception(s) to these Implementing Procedures that the Dean intends to submit to the Chancellor for approval.

A. Advisory Committee

The Advisory Committee's role is to assist the Dean in resolving issues that may arise from Plan implementation. The Advisory Committee assists by assuring compliance with and resolving issues on outside professional activities, conflict of interest, and conflict of commitment. The Committee also reviews the submissions of individual Department and Unit compensation plans ("department/unit guidelines").

The Advisory Committee shall consist of six voting members, all of whom must hold faculty appointments and must be Plan Participants in good standing. Three members shall be appointed by the Dean and then three members shall be elected from the School's Plan membership. At least one member from each title series shall serve on the Advisory Committee at all times; the sixth member may represent any title series. The members shall be representative of the disciplines participating in the Plan. Elected committee members' terms shall be staggered

in order to promote the stability of Committee membership. The terms of service will be three years; elected members may renew their term of service once.

The Advisory Committee's function shall include advising the Dean on:

- 1) Development of the School's Implementing Procedures, including the establishment of Good Standing Criteria, Academic Programmatic Unit (APU) assignments, and APU Scales. (See APM - 670-18-b for more information on APUs);
- 2) Department/Unit Guidelines, including methods for obtaining faculty input and for determining consistency with these Implementing Procedures;
- 3) Review of potential conflicts between a Plan Participant's commitment to generating revenue within the Plan and his/her outside professional activities; (See APM - 670-19-c).
- 4) Review of Plan Participants' appeals regarding implementing and administering the Plan that are not resolved at the department or school level or are submitted to the Advisory Committee as a result of a determination of being found Not in Good Standing. Plan Participants who are Academic Senate members may pursue their grievance rights before the Privilege and Tenure Committee under Senate Bylaw 335. Plan participants who are Non-Senate faculty are entitled to a Step III hearing under the Academic Personnel Manual ("APM") - 140.

The Advisory Committee shall provide an annual summary report on its activities to Plan Participants, the Dean, and the Chancellor.

III. GOOD STANDING CRITERIA

A. Definition of Good Standing

Plan Participants shall be deemed in Good Standing until they are otherwise found to be Not in Good Standing.

Plan Participants should meet department/unit guidelines regarding productivity in research, teaching, patient care, mentoring, and University service, as defined by their series, rank and step.

Plan Participants are responsible for actively participating in activities that support the department's/unit's objectives. Plan Participants are expected to

demonstrate professional behaviors in all areas of work and share responsibility for the overall success and well-being, including financial well-being, of the department/unit.

Loss of Good Standing may occur in the following instances:

- Finding of faculty misconduct
- Finding of research misconduct
- Finding of unsatisfactory performance in a Five-Year review
- Refusal or failure to participate in assigned duties
- Loss of clinical privileges (as required)
- Loss of licensure and/or credentials (as required)
- Refusal or failure to complete required trainings
- Lack of compliance with University policy and/or reporting requirements
- Failure to meet expectations related to the generation of salary support and/or shared expenses

B. Administrative Review Process

In cases of disagreement related to the determination of Good Standing of a Plan Participant or to specific consequences, the Chair/Director shall meet with the Plan Participant to discuss how to remedy the situation and review the specific consequences, as determined by the Plan including, but not limited to, initiating the formal process outlined below. The Chair/Director and the Plan Participant should strive for informal resolution, as appropriate to the circumstances, but a specific timeline for resolving the conflict must be defined by the Chair/Director. The Chair/Director shall prepare a written document that summarizes the discussion; a copy of this document shall be given to the Plan Participant.

If informal resolution is unsuccessful, the Chair/Director must provide the Plan Participant with a written statement that summarizes the reason(s) for requesting that a Plan Participant be deemed Not in Good Standing. The Chair's/Director's statement should include specific recommendations on what action(s) the Plan Participant must take to return to Good Standing if they are deemed to be Not in Good Standing. Relevant back-up documentation should be included.

The Plan Participant shall be given a copy of the Chair's/Director's written statement and have the opportunity to provide a written response to the Chair/Director within 14 days. If the Plan Participant and Chair/Director resolve the issue within the 14 day response period, the Chair/Director shall provide the Plan Participant with a written document that the issue has been resolved and the matter is closed.

If the issue is not resolved within the 14 day response period, the Chair's/Director's written statement, any supporting documentation, and the Plan Participant's response (if provided) shall be sent to the Dean.

If the Dean agrees with the Chair's/Director's assessment, the Dean shall issue a written determination that the Plan Participant is Not in Good Standing. This written document will describe any corrective action(s) that must be taken in order for the Plan Participant to return to Good Standing. A copy of the Dean's determination shall be provided to the Plan Participant, the Chair/Director, and the Vice/Associate Dean for Academic Affairs.

If the Dean does not agree with the Chair's/Director's assessment, the Dean will issue a written determination that the Plan Participant remains in Good Standing. A copy of the Dean's determination shall be provided to the Plan Participant, the Chair/Director and the Vice/Associate Dean for Academic Affairs.

Appeal process: If a determination is made that the Plan Participant is Not in Good Standing and the Plan Participant believes that the Good Standing Criteria were applied unfairly, the Plan Participant may appeal to the Advisory Committee. The Advisory Committee shall review the documents, may interview the Plan Participant and/or the Chair/Director, and prepare a written assessment for the Dean. The final decision will be made by the Dean. Plan Participants who are Senate members may pursue their grievance rights before the Privilege and Tenure Committee under Senate Bylaw 335. Plan participants who are Non-Senate faculty are entitled to a Step III hearing under APM - 140.

C. Consequences

The following consequences may be imposed on Plan Participants who are determined to be Not in Good Standing:

- Prohibition from participating in and/or retaining income from outside professional activities;
- Decrease in negotiated compensation (Y; see APM - 670-18-c (1));
- Loss of or reduction in incentive compensation (Z; see APM - 670-18-c (2));
- Requests for academic leave will not be approved and/or requests that were previously approved will be reconsidered.

Additional consequences may result, as set forth by other policies.

D. Return to Good Standing

To return to Good Standing, the Plan Participant must submit a written request to his/her Chair/Director that outlines how the issues were resolved or rectified. The Chair/Director shall review the request, assess the Plan Participant's progress and submit his/her written recommendation to the Dean, along with the Plan Participant's request and other supporting documentation, if applicable. If the Chair's/Director's written assessment states that no progress or insufficient progress was made, the Chair/Director should specify in his/her written recommendation to the Dean what further action(s) must be taken.

If the Dean endorses the Chair's/Director's assessment that no progress or insufficient progress was made, the Dean will notify the Plan Participant, in writing, that he/she is not returned to Good Standing and outline what further action(s) must be taken. A copy of the Dean's determination shall be provided to the Plan Participant, the Chair/Director, and the Vice/Associate Dean for Academic Affairs.

If the Dean determines that all issues were resolved, the Dean shall provide a written assessment to the Chair/Director. The Chair/Director shall notify the Plan Participant, in writing, that s/he has returned to Good Standing. A copy of the Dean's assessment shall be provided to the Plan Participant, the Chair/Director, and the Vice/Associate Dean for Academic Affairs.

If the Plan Participant does not submit a written request to the Chair/Director, s/he shall remain Not in Good Standing.

If a Plan Participant remains Not in Good Standing for more than one calendar year, the Chair/Director may wish to pursue further action(s), as set forth by other academic policies.

Appeal process: If the Dean determines that the Plan Participant has not returned to Good Standing and the Plan Participant disagrees with this determination, based upon unfair assessment or application of criteria, the Plan Participant may appeal to the Advisory Committee. The Advisory Committee shall review all written documents, may interview the Plan Participant and/or the Chair/Director, and will prepare a written assessment for the Dean. The final decision will be made by the Dean. Plan Participants who are Senate members may pursue their grievance rights before the Privilege and Tenure Committee under Senate Bylaw 335. Plan participants who are Non-Senate faculty are entitled to a Step III hearing under APM - 140.

IV. MEMBERSHIP IN THE HEALTH SCIENCES COMPENSATION PLAN

Membership in the Health Sciences Compensation Plan (“the Plan”) is a term and condition of employment. It is the responsibility of each Chair/Director to ensure that all new and continuing eligible members of the Plan (“Plan Participants”) receive a copy of the Regent’s Plan document, these Implementing Procedures, and any related School and/or department/unit guidelines setting forth campus and department/unit policies that are applicable to faculty covered by the Plan.

Membership in the Plan continues so long as the Plan continues to be in effect. Separation from an eligible appointment terminates membership in the Plan.

School of Medicine faculty members employed by The Regents shall be Plan Participants if they hold University-funded appointments at greater than 50 percent of full time in a School of Medicine department or unit in any of the following professorial series: Professor, Professor in Residence, Professor of Clinical _____ (e.g., Medicine), Adjunct Professor, Health Sciences Clinical Professor, and Acting Professor. Faculty in the Visiting Professor series who receive income for clinical services and meet the above criteria are also Plan Participants.

Faculty members who are otherwise eligible to be Plan Participants, as defined above, but who have appointments of 50 percent of full time or less may participate in the Plan upon the recommendation of the Chair/Director and approval by the Dean or his/her designee. Department/Unit guidelines should specify when membership in the Plan is required for faculty whose University-funded appointment is 50 percent of full time or less.

Deans and other faculty administrators in Plan schools shall be Plan Participants if they hold an underlying Health Sciences Compensation Plan faculty title; however, salary and reporting requirements are defined by the personnel policies that govern administrative appointments. If the faculty position is funded by two or more School of Medicine departments/units, the Plan Participant shall be subject to the department/unit guidelines of the department/unit in which the preponderance of his/her academic activities occur. Exceptions to this policy must be requested by submission of a written explanation for the request by the relevant Chairs/Directors and must be approved by the Dean or his/her designee.

If a Plan Participant’s position is funded by two or more professional schools with health sciences faculty compensation plans, the Plan Participant shall belong to the compensation plan within the School in which his/her academic

home department resides. Exceptions to this policy must be recommended by the relevant Chairs/Directors, endorsed by the Dean(s), and must be approved by the Chancellor.

A member of the faculty who was appointed in a health sciences school at the time of his/her retirement may be recalled as a Plan Participant in accordance with APM 205. All recalled faculty are limited to a maximum total monthly effort of 43 percent. Retired faculty members who are recalled at a salary rate greater than base salary (X, X'), as defined in section V. below, regardless of percentage effort, are required to be Plan Participants. For recalled faculty who are Plan Participants, all terms and conditions of the Plan apply, including the requirement that patient care activities must be provided within the University setting or as part of an approved affiliation agreement or professional service agreement. All clinical income is due the Plan. In no case are Plan Participants allowed to retain income from patient care activities. All outside compensated professional activities must be reported annually.

Plan Participants remain members of the Plan while on vacation and other paid leaves, even if salary is reduced to covered compensation (X) or Base Salary, as well as while on unpaid leaves. Thus, while on any leave, Plan Participants are bound by the rules of the Plan, including, but not limited to, those rules relating to outside professional activities and income due the Plan.

V. COMPENSATION AND BENEFITS

Each department/unit shall develop compensation plan guidelines ("department/unit guidelines"), and must ensure that affected Plan Participants have the opportunity to review and comment on proposed department/unit guidelines as well as any significant modifications, including the setting of approval thresholds, setting of APUs and departmental assessment rates. These guidelines shall detail:

- the Base Salary scale(s);
- the manner in which Additional Compensation is negotiated;
- the methodology for calculating Incentive Compensation and the frequency of payments;
- the department/unit requirements on occasional outside professional activities, including Good Standing criteria;
- the department's/unit's policy on collecting and distributing all income paid into the Plan; *and*
- the department/unit policies regarding paid and unpaid leaves of absence and sabbaticals.

Plan Participants' input on proposed department/unit guidelines and subsequent revisions must be obtained by consultation with all affected Plan Participants in a department/unit. Revisions to guidelines must be reviewed and approved by the Dean or his/her designee and may only be altered to take effect on July 1st of each year. Department/Unit guidelines may be more, but not less, restrictive than the Regents' Plan and must be consistent with these Implementing Procedures.

Individual salaries shall be negotiated annually between each Plan Participant and his/her Chair/Director. Requests for salary increases that exceed the specified percentage determined by the Dean require the approval of the Dean or his/her designee.

Additional compensation shall be paid in accordance with the applicable University and department/unit guidelines during sabbatical leave, vacation leave, extended illness leave, or other types of paid leave.

By July 1st of each year, each Plan Participant shall receive in writing from his/her Chair/Director a statement of proposed compensation for the forthcoming fiscal year: July 1 – June 30. Base Salary scale assignment, Additional Compensation, and the methodology for calculating Incentive Compensation must be detailed in this statement.

Compensation

A. Total Compensation

Plan Participants shall receive Base Salary, as described below and in APM 670-19, be eligible for optional University additional compensation, as described below, and be permitted to retain other miscellaneous income, as described below and in APM 670-19.

Payment under the Plan shall be made directly to the Plan Participant in his/her individual capacity.

Generally, off-scale salaries are not permitted. No State funds shall be used for compensation above the portion of Base Salary equivalent to the Fiscal Year salary scales or for any optional University additional compensation, as described below.

B. Base Salary (X and X') and Academic Programmatic Unit (APU)

Base salary is the approved rate on one of the Health Sciences Compensation Plan Salary Scales associated with a Plan Participant's academic rank, step and assigned APU. Base salary shall equal at least the approved rate on the Fiscal Year Salary Scale (HSCP Scale 0) for the Plan Participant's rank and step (X). Base salary is covered under the University of California Retirement Plan (UCRP) up to the amount permissible under Internal Revenue Code provisions and in accordance with UCRP policy and provisions. Plan Participants' APU scale assignments shall be approved by the Dean or his/her designee and assignments may be changed in accordance with guidelines issued by the Chancellor. The differential between X (Scale 0) and a Plan Participant's rank and step on the HSCP Salary Scale assigned to the Plan Participant's APU is designated X-prime (X').

1) For the purpose of determining the Health Sciences Base Salary Rate, each department/unit shall establish at least one APU to which Plan Participants shall be assigned. An APU shall be comprised of faculty with similar clinical, teaching and/or research responsibilities. The Chair/Director shall recommend an appropriate APU assignment for each Plan Participant based on clinical, teaching and/or research responsibilities. Each APU shall be assigned to an HSCP Salary Scale, according to these Implementing Procedures.

2) In keeping with the responsibility of the University to ensure consistency of compensation by creation of APUs or assignment of faculty to APUs:

- a) The Dean or his/her designee is authorized to approve the faculty composition of each APU and assignment of a salary scale to that unit, subsequent to the Chair's/Director's recommendation.
- b) The Dean must receive advance approval from the Chancellor or the Chancellor's designee for an APU that consists of fewer than four Plan Participants. The request for approval shall include the criteria for composition of the proposed APU, and the name, series, rank, and step of each Plan Participant in the proposed APU.
- c) An APU must remain at its assigned HSCP Salary Scale for at least one year before being assigned to a higher or lower scale.
- d) An APU may move to a higher HSCP Salary Scale by a maximum of one scale per year. An APU typically moves down no more than one scale at a time.

No individual Plan Participant may be moved from one APU to another without a significant change in duties or a change in department/unit. Chairs/Directors

shall obtain written approval from the Dean or his/her designee prior to moving any Plan Participant from one APU to another.

C. Optional University Additional Compensation

Chairs and Directors may provide for the payment of additional compensation, negotiated on an annual basis, to Plan Participants. This optional “Y” salary component is beyond the Fiscal Year base Salary (X) and Health Sciences Scale Differential (X prime) and is never covered compensation under the University of California Retirement Plan (UCRP). Prior to implementing or revising department/unit guidelines, affected Plan Participants and the Advisory Committee shall be afforded the opportunity to review and comment on the proposed Procedures. Department/Unit guidelines shall specify how additional compensation is calculated, when it may be paid, and the title(s) of person(s) authorized to approve individual compensation agreements. Additional compensation may be paid, in accordance with fund source restrictions, as follows:

1) Negotiated additional compensation (“Y”)

Plan Participants may receive a negotiated amount of additional compensation. This component of pay is beyond the base salary and is not covered compensation for UCRP, but may be eligible for optional disability and life insurance programs, where applicable.

Mid-year renegotiation of the Y is permitted only under unusual circumstances and only with the approval of the Dean or his/her designee and the Chancellor or his/her designee.

2) Administrative Stipends

Plan Participants may receive administrative stipends, defined as payments by the University for responsibilities related to University administration that exceed normal responsibilities.

3) Incentive compensation (“Z”)

Plan Participants may receive incentive compensation, referred to as a Z payment. This incentive compensation is not covered compensation for UCRP. Department/Unit guidelines shall describe the manner in which Plan Participants within a department, division, or APU may earn incentive compensation beyond base and negotiated compensation, upon approval by

their Chair/Director. Chairs/Directors may earn incentive compensation upon approval of the Dean or his/her designee.

Z payments are drawn from income accumulated in the Plan in excess of financial requirements. To meet financial requirements, a Plan Participant must:

- Be in good standing, as defined in Section III of these Implementing Procedures; and
- Maintain a positive compensation plan account balance; and
- Maintain solvent X and Y salary sources; and
- Maintain a three-month reserve in the compensation plan account that is sufficient to cover department tax, as applicable, salary and benefits funded from the compensation plan, and other regularly occurring expenses.

By May 31st of each year, each Plan Participant shall discuss with his/her Chair/Director and, with the Chair's/Director's approval, shall select, in writing, one of the following options for income accumulated in the plan in excess of financial requirements that will remain in effect for the forthcoming fiscal year (July 1 – June 30). Changes are not permitted under any circumstances until the following fiscal year. After the Plan Participant selects one of the following options, the Chair/Director shall review his/her selection. If approved, the Chair/Director shall issue written approval of the Plan Participant's selection.

The options are:

a) Option A: Z Payment

Income is paid as a "Z" payment on a quarterly basis following the close of each quarter (September 30, December 31, March 31 and June 30). A "Z" payment may be paid earlier in the quarter if the Plan Participant retires or separates from University employment or upon approval of the Chair/Director. **This is the default option and it will be implemented each year for Plan Participants who do not request another option in writing.**

b) Option B: Academic Enrichment Account

Income is allocated to an Academic Enrichment Account. This income is never eligible to be taken as a "Z" payment or as salary by the Plan Participant. Unexpended balances remain the property of the University when the Plan Participant retires or separates from University employment.

c) Option C: Designated Academic Enrichment Account and Z Payment

A Plan Participant may submit a request to his/her Chair/Director to designate a specific amount of income for the forthcoming year (July 1 – June 30) to be allocated to an Academic Enrichment Account. If approved, the amount designated for the academic enrichment account is never eligible to be taken as a “Z” payment or as salary by the Plan Participant. The amount designated to be allocated to an Academic Enrichment Account must be discussed with and approved by the Chair/Director. Unexpended balances in the Academic Enrichment Account remain the property of the University when the Plan Participant retires or separates from University employment. Additional income beyond the amount that the Plan Participant has designated to be allocated to an Academic Enrichment Account is paid as a “Z” payment on a quarterly basis following the close of each quarter (September 30, December 31, March 31 and June 30). A “Z” payment may be paid earlier in the quarter if Plan Participant retires or separates from University employment or upon approval of the Chair/Director.

Academic Enrichment Accounts are established for the purpose of supporting the academic activities of the Plan Participant by allowing direct charge or reimbursement for business-related expenses. Funds allocated to an Academic Enrichment Account may be used to support University-approved academic professional activities that are allowed as direct charge or reimbursable University-related business expenses for an individual Plan Participant, consistent with the University’s accounting guidelines. Once funds are allocated to an Academic Enrichment Account, these funds cannot subsequently be used for faculty salary support. Funds are allocated to an Academic Enrichment Account under the following conditions:

- The Academic Enrichment Account may be allocated from a portion of a Plan Participant’s outside professional activity income due to the Compensation Plan; or
- On an annual basis, if allowed by his/her department/unit guidelines, a Plan Participant may request that funds be allocated to an Academic

Enrichment Account for the forthcoming fiscal year (July 1 through June 30) and such a request **must always occur in writing prior to July 1st of the forthcoming fiscal year in which the income will be earned.**

- The Chair/Director or his/her designee reviews the Plan Participant's allocation request and, if approved, gives written approval to the Plan Participant.
- Chairs/Directors may submit a written request to the Dean's Office to allocate funds for the upcoming academic year to an Academic Enrichment Account. The request shall be reviewed by the Dean or his/her designee and, if approved, the Dean's office will issue a written approval.
- Disposition of the funds in an Academic Enrichment Account is under the auspices of the Department/Unit. UCSF, through the Chair/Director, has final authority over the use and distribution of funds held in an Academic Enrichment Account.
- Funds that have been allocated to an Academic Enrichment Account cannot be converted to an incentive payment or salary support for the Plan Participant; they remain Academic Enrichment Account funds.
- The department/unit must maintain detailed records that are readily available for audit and other appropriate reviews that support the allowable nature of the reimbursable academic professional expenses that are paid from the Academic Enrichment Account. Plan Participants must submit all required supporting documentation for reimbursement, consistent with University accounting guidelines. Unspent travel advances or any other disallowed amounts charged to the Academic Enrichment Account must be repaid by the Plan Participant, consistent with the University's accounting guidelines.
- An Academic Enrichment Account can maintain a positive balance at the end of a fiscal year that may be carried forward to the next fiscal year, at the discretion of the Chair/Director. Disposition of year-end positive balance is communicated annually to the Plan Participant at the time that requests for allocations to an Academic Enrichment Accounts are made.

In the event of termination of employment, any outstanding account receivables shall be treated in accordance with the compensation arrangement of the individual Plan Participant. Specifically, receivables generated by Plan Participants who are not eligible for Incentive Compensation shall be the property of the University. Academic Enrichment Account funds remain the property of the University. Receivables originated by Plan Participants who are eligible for Incentive Compensation shall be handled in accordance with department/unit guidelines. All Incentive Compensation, including payments for outstanding account receivables, shall be paid through the University of California's payroll system.

D. Department/Unit Requirements on Outside Professional Activities

General Principles

Outside Professional Activities, whether compensated or uncompensated, and regardless of financial interest, are activities within a faculty member's area of professional, academic expertise and that advance or communicate that expertise through interaction with industry, the community, or the public. Outside additional teaching as described in APM - 671-10-a-(2)-(a) is included in this definition. Outside professional activities must not interfere with a faculty member's professional obligation to the University.

A conflict of commitment occurs when a faculty member's outside activities interfere with the faculty member's professional obligations to the University.

Patient care activities must be provided within the University setting or as part of an approved affiliation agreement or professional service agreement. All clinical income and income derived from patient care activities is due to the Plan. Plan Participants are never allowed to retain income from clinical or patient care activities. All income earned while on paid or unpaid leaves of absence (e.g., vacation, holidays, or weekends) is due the Plan. Income due the Plan must be deposited into the revenue account of the appropriate department/unit compensation plan fund. The types of professional income that are subject to these requirements, as set forth in the Regents' Plan, includes both cash and non-cash compensation (e.g., stock or stock options).

Mechanisms for Addressing Potential Conflicts of Commitment

Outside professional activities must be undertaken in a manner consistent with the Plan Participant's professional obligations to the University. Outside activities must not conflict with the Plan Participant's obligations to students, colleagues or to the University as a whole.

Plan Participants may engage in outside professional activities (other than patient care) only if they are deemed to be in Good Standing and may retain the income from outside professional activities only in accordance with the terms of APM 670 and 671, these Implementing Procedures and their department/unit guidelines.

Plan Participants are responsible for:

- (1) Maintaining Good Standing in accordance with these Implementing Procedures and their department/unit guidelines;
- (2) Obtaining prior written approval for engagement in Category I activities;
- (3) Maintaining a running total of annual earnings from, and time spent on, all outside professional activities;
- (4) Depositing all income that exceeds the earnings approval threshold into the Plan with the exception of income earned from Category III activities and certain other activities listed in APM - 671-10-b;
- (5) Obtaining prior written approval to engage in outside professional activities that may result in exceeding the total annual time and/or earnings approval thresholds;
- (6) Submitting annual reports of all Category I and II activities and compensation earned from such activities (or the lack thereof) to the Chair or Director;
- (7) Attesting to adherence with the requirements of the policy in the annual report;
- (8) Disclosing any current or prospective outside professional activity to the Chair/Director if in doubt as to whether there is a conflict of commitment; and
- (9) Obtaining prior approval from the Department Chair before involving a student in an outside professional activity (see APM - 671-8-f).

Each department's/unit's guidelines shall include clear information detailing what types of income from outside professional activities may be retained by Plan Participants. The department's/unit's guidelines must meet the criteria outlined below and must be approved by the Dean or his/her designee prior to implementation. Plan Participants shall be afforded the opportunity to review and comment on the proposed department/unit guidelines and revisions thereto. The guidelines shall define:

1. The limit on the amount of time that may be devoted to an outside professional activity (“Time Threshold”):

The maximum number of hours allowed must not exceed the time limits established for compensated outside professional activities in Academic Personnel Policy 671 (currently 384 hours (48 days)), and shall not be less than 168 hours (21 days).

Plan Participants who wish to exceed the time threshold defined by their department/unit must receive advance written approval from the Chair/Director and the Dean or his/her designee for outside professional activities that exceed the department’s/unit’s time threshold. Chairs/Directors shall seek written approval from the Dean or his/her designee. All income from activities in excess of the time threshold is due the Plan, even if the earnings threshold has not been reached.

2. The limit of the amount of earnings from an outside professional activity that a Plan Participant may retain (“Earnings Threshold”):

Effective with the issuance of these Implementing Procedures, the maximum annual outside professional earnings threshold is \$40,000 or 40% of the Plan Participant’s academic year base salary scale (Scale 0), whichever is greater. This includes cash and non-cash compensation (*see* Section V.E.)). Department/Unit guidelines must clearly specify the annual earnings threshold. All income from activities that exceeds the earnings threshold is due the Plan, even if the time threshold has not been reached.

As set forth in Section III of these Implementing Procedures, Plan Participants must satisfy the good standing criteria in order to be allowed to earn and/or retain income from outside professional activities. A Plan Participant who has satisfied the good standing criteria set forth in these Implementing Procedures and established by his/her department/unit, who has not exceeded the limit on the number of days devoted to compensated outside professional activities established by the department/unit, and whose annual earnings from all outside professional activities is estimated to be less than the approval threshold, is allowed to engage in outside professional activities (other than clinical/patient care) without having to request prior approval from his/her Chair /Director to engage in the activities unless required by other Academic policies, e.g. APM 671 for Category I activities.

3. Retention/Non-retention of Income

Certain categories of income that accrue from occasional service, as described below, may be retained by Plan Participants. School/Department/Unit Guidelines shall specify the activities from which income may be retained and whether Plan Participants may deposit remuneration from miscellaneous outside activities into an academic enrichment account, as well as the terms and conditions for those accounts, as provided in Section V. c. above. The Chair/Director and/or Dean or his/her designee shall monitor the frequency of individual activity in these areas. Depending on the department/unit guidelines, Plan Participants may be able to retain income from the following activities:

- Occasional service other than patient care;
- Additional University-compensated teaching, including teaching for University Extension courses and programs (See APM 662, Additional Compensation: Additional Teaching);
- Teaching in University-run continuing health education programs;
- Teaching in self-supporting UC degree programs;
- Consulting under the auspices of the University of California;
- Consulting or testifying as an expert or professional witness;
- Consulting for for-profit entities;
- Consulting for non-profit entities;
- Consulting for non-profit health or education-related organizations;
- Service to governmental agencies, including consulting to such agencies;
- Service on a board of directors outside of the University, whether compensated or uncompensated;
- Providing or presenting a workshop for industry;
- Providing outside consulting or compensated professional activities performed for entities such as the Los Alamos and Lawrence Livermore National Laboratories.

4. Categories of Outside Professional Activity

A conflict of commitment occurs when a Plan Participant's outside activities interfere with his/her professional obligations to the University. Outside professional activities are categorized based on the extent to which a conflict of commitment is likely to arise. When an activity could fall under more than one category, it should be assigned to the category which requires more stringent reporting and prior approval.

Category I

Category I activities are most likely to create a conflict of commitment because: 1) they are activities related to the training and expertise which is the

individual's qualification for University appointment, but performed for a third party, and/or 2) they require significant professional commitment.

Category I activities require **prior** approval by the Chair/Director, Dean or his/her designee and the Chancellor and require disclosure in annual reporting. Approvals are generally for one fiscal year but may be granted for a longer term, not to exceed five years. Category I activities count toward the faculty member's time threshold for outside professional activities and earned income counts toward the earnings approval threshold.

Category I activities include, but are not limited to:

- (a) Teaching, research, or administration of a grant at an educational institution, trust, organization, government agency, foundation, or other entity outside of the University. (Grants submitted on behalf of a professional society are exempt from this restriction, i.e., are not considered Category I activities.);
- (b) Employment outside of the University;
- (c) Assuming a founding/co-founding role of a company;
- (d) Assuming an executive or managerial position outside of the University. (This does not include positions with professional societies.);

Category II

Category II activities are typically shorter term activities that are outside the course and scope of University employment. Category II activities have a lesser potential for a conflict of commitment than do Category I activities.

Category II activities require disclosure in annual reporting under this policy, but do not require prior approval unless they will cause the Plan Participant to exceed the time and/or earnings threshold. Time devoted to these activities counts toward the time threshold. Income earned from these activities counts toward the earnings threshold.

Examples of Category II activities include, but are not limited to:

- (a) Additional University-compensated teaching, including teaching for UNEX courses and programs (see [APM - 662](#), Additional Compensation: Additional Teaching);

- (b) Participation in continuing health education programs run by the University;
- (c) Participation in self-supporting UC degree programs. (These are teaching activities outside of the assigned teaching load. If the department assigns the teaching activity, it is not considered an outside activity.);
- (d) Consulting under the auspices of the University of California;
- (e) Consulting or testifying as an expert or professional witness;
- (f) Consulting for for-profit entities;
- (g) Consulting for non-profit entities;
- (h) Consulting for non-profit health or education-related organizations;
- (i) Consulting for government agencies;
- (j) Serving on a board of directors outside of the University whether compensated or uncompensated;
- (i) Providing or presenting a workshop for industry;
- (j) Providing outside consulting or compensated professional activities performed for entities such as the Los Alamos and Lawrence Livermore National Laboratories;
- (k) Other income-generating activities specified in approved Implementing Procedures.

Category III

Category III activities are within the course and scope of University employment. As such, they are unlikely to raise conflict of commitment issues.

Category III activities, even if compensated, do not require disclosure in annual reporting or prior approval, do not count toward the Plan Participant's time threshold for outside professional activities, and the income does not count toward the earnings approval threshold. Nevertheless, these

activities must not interfere with a Plan Participant's obligations to the University.

Examples of Category III activities include, but are not limited to:

- (a) Serving on government or professional panels or committees or as an officer or board member of a professional or scholarly society;
- (b) Reviewing manuscripts; acting in an editorial capacity;
- (c) Attending and presenting talks at university/academic colloquia and conferences; and
- (d) Developing scholarly or creative works.

5. Other Income That May be Retained by Plan Participants

Income from the following activities may be retained by Plan Participants and does not count toward the earnings threshold. Time devoted to the following activities does not count toward the time threshold:

- Prizes, defined as gifts in recognition of personal achievements and not for services rendered;
- Royalties, defined as shares of proceeds for contributions as authors or inventors, as allowed under the University's copyright and patent policies;
- Honoraria, defined as payments by agencies outside the University for occasional lectures and similar public appearances beyond normal academic responsibilities to the University of California and which are not in return for other services, whether given directly or indirectly;
- University honoraria, defined as payment for occasional lectures or similar services performed on a University of California campus, as permitted by Academic Personnel Policy (See APM 666, Additional Compensation: Honoraria) and applicable UCSF policies;
- Administrative stipends; and
- Income from a profession unrelated to the training and experience which is the Plan Participant's qualification for University appointment, as

determined by the Chair/Director, in consultation with the dean or his/her designee.

E. Non-Cash Compensation including Stock and Stock Options

Professional income governed by the Plan includes cash and non-cash compensation. Plan Participants are required to disclose non-cash compensation received in exchange for professional services *within 30 days of receipt*. The following paragraph provides specific guidance with respect to stock, stock options, and founders' stock.

A Plan Participant who receives **stock** in lieu of compensation for outside professional activities must disclose this fact to his/her Chair/Director and to the Dean's Office within 30 days of the date of receipt, at which time the stock will be valued. If the stock is given to the Plan Participant at no cost, payment in dollars equal to the stock's full value on the date of receipt is due the Plan. If the purchase price is equal to the market price/value on the date of receipt, no money is owed the Plan. If the purchase price is below the valued price on the date of receipt, the difference between the purchase price and the value of the stock on the date of receipt is due the Plan. Following a determination of the value of the stock, the Plan Participant will be notified of the nature of any Plan obligations, based on the above methodology. Plan Participants who do not disclose receipt of stock within 30 days of receipt will owe the Plan the difference between the purchase price or value of the stock at the time of receipt and the value of the stock at the time it is disclosed. Disclosure at the time of receipt is required regardless of the stock's potential valuation, and regardless of whether a Plan Participant believes that any payment is due the Plan. Plan Participants in departments/units may be able to retain the money due the Plan if they have not yet met or exceeded their time and/or earnings threshold for outside professional activities. However, both the time spent on outside professional activities related to the receipt of stock and any dollars due the Plan under the formula above *must be counted toward their time/earnings thresholds*.

A Plan Participant who receives **stock options** in lieu of compensation for outside professional activities must disclose this fact to his/her Chair/Director and the Dean's Office *within 30 days of the date the stock option agreement is signed*. The Dean's Office shall obtain a valuation of the stock options as of the date of the agreement. If the option offer price is equal to or greater than the stock's valuation/market price on the date the agreement is signed, no money is owed the Plan. If the option price is below its valued price on the date the agreement is signed, the difference between the option price and the value of the stock is due the Plan. Following determination of the value of the stock, the Plan Participant

shall be notified of the nature of any Plan obligations, based on the above methodology.

Plan Participants who neglect to disclose this information within 30 days of signing such stock option agreements shall owe the Plan the difference between the offered option price at the time the agreement was signed and the value of the stock options at the time it is disclosed. Disclosure of stock options is required regardless of 1) the stock's potential valuation, 2) whether the Plan Participant intends to exercise the options, and 3) whether the Plan Participant believes that any dollars are due the Plan. Plan Participants may be able to retain the dollars due the Plan if they have not yet met or exceeded their time and/or earnings threshold for outside professional activities. However, both the time spent in outside professional activities related to the receipt of stock options and any dollars that would be due the Plan under the formula above *must be counted toward the time/earnings thresholds*.

A Plan Participant who receives **founder's stock** in lieu of compensation for outside professional activities must disclose this fact to his/her Chair/Director and to the Dean's Office within 30 days of the date of receipt. The founder's stock will be valued as of the date receipt and any value shall be due the Plan. Since the value of founder's stock is generally insignificant, in most cases a negligible amount will be due the Plan. However, if the founder's stock is not disclosed upon receipt, the value of the founder's stock when the disclosure is ultimately made shall be due the Plan.

F. Exception Requests

Department/Unit Guidelines must detail a mechanism by which a Plan Participant may request approval to exceed the time and/or earnings approval thresholds.

Advance, written approval is required in the following instances:

Advance, written approval from the Chair/Director, Dean or his/her designee and the Chancellor is required for all Category I activities.

Advance, written approval from the Chair/Director is required for all outside professional activities involving students or the use of University resources beyond incidental use.

Advance, written approval from the Chair/Director and the Dean or his/her designee is required for all requests to exceed the time and/or earnings

thresholds. Only the Chancellor or his/her designee has the authority to approve a professional activity that involves a Plan Participant retaining earnings that exceed the earnings threshold.

If the department/unit has adopted an annual threshold less than the Plan maximum (\$40,000 or 40% of the Plan Participant's academic year base salary (scale 0)), the Chair/Director must approve all activities that exceed the department/unit maximum up to the Plan maximum. The Dean or his/her designee must approve such activities for the Chair/Director.

If a Plan Participant wishes to engage in an outside professional activity that might reasonably be expected to exceed the earning threshold, s/he must request written approval to engage in the activity. To request approval, the Plan Participant is required to provide his/her Chair/Director a written request in advance of the activity. Chairs/Directors shall seek written approval from the Dean or his/her designee. This request must include relevant details about the proposed activity, including the nature of the services to be provided, the person or entity who will pay for the services¹, the anticipated period of service and/or days to be devoted to the activity, the total expected income from the activity, and the amount by which the Plan Participant's total annual earnings from outside activities are expected to exceed the earnings threshold. Chairs/Directors shall forward to the Dean or his/her designee any request which requires review by the Dean and/or Chancellor, in accordance with these Implementing Procedures and APM 670. If a request is not approved, the Chair/Director shall advise the Plan Participant whether: 1) the activity may be undertaken, but with all related income accruing to the department/unit, in accordance with their implementation guidelines and established accounting practices; or 2) the activity may not be undertaken. If a Plan Participant has received approval to engage in an activity that is reasonably expected to cause his/her total annual earnings from outside professional activities to exceed the established approved threshold, s/he must request the Chair's/Director's approval for all subsequent engagement(s). If any subsequent engagement is allowed, the engagement shall be undertaken with all related income accruing to the Plan unless an exception is approved in writing, in accordance with department/unit Guidelines. Chairs/Directors and/or the Dean or his/her designee may approve a Plan Participant's request to engage in outside professional activities in accordance with these Implementing Procedures and department/unit Guidelines. Plan Participants shall notify their Chair/Director immediately if they inadvertently exceed the dollar threshold or if any of the information they provided in an approval request changes or is found to be inaccurate. For example, a Plan Participant should immediately notify his/her Chair/Director if the initial

• ¹ When required to ensure patient confidentiality, the person or entity to be reported as recipient/payer for professional witness activities is the attorney or the law firm requesting the services.

estimate of earnings from an outside professional activity was inadvertently understated. Plan Participants are subject to corrective action and disciplinary measures, as outlined below and in APM 671-26 b. for violation, neglect or manipulation of Compensation Plan requirements. Plan Participants may also be found to be Not in Good Standing in accordance with Section III. A. of these Implementing Procedures. Chairs/Directors must notify the Vice Dean for Academic Affairs if they believe a Plan Participant has violated, neglected, or manipulated Compensation Plan requirements. Plan Participants may be subject to corrective action and disciplinary measures for such violations.

This policy must conform to the Regents' Plan *Conflict of Commitment and Outside Activities of Health Sciences Compensation Plan*.

G. Limitations on Use of University Resources in Connection with Outside Professional Activities

The use of University staff, laboratories, facilities, or other University resources in connection with outside professional activities is subject to limitations. When Plan Participants retain income from professional consulting for for-profit entities or expert witness activities, the costs associated with the consulting or witness activities are to be borne by the third party or the faculty member, not by the University (*Faculty Code of Conduct, Part II. C., and APM- 015, Section II*).

The University's liability and workers compensation coverage does not extend to activity that is outside of the course and scope of the participant's University employment. Some outside professional activities, particularly certain consulting and expert witness testimony, would generally be considered outside the course and scope of University employment, depending on the facts and circumstances of any given case. Questions about University liability coverage in connection with a specified activity or exposure should be discussed with the Office of Risk Services at the Office of the President.

H. Involvement of Students in Outside Professional Activities

Involvement of students in the outside professional activities of a faculty member may, under certain conditions, offer the student potential educational benefits. However, the relationship between the faculty member and the student must be protected from influences or activities that could interfere with the student's learning and must be consistent with the goals and ideals of the University (The Faculty Code of Conduct, [APM - 015](#)). A faculty member involving a student in outside activities has the responsibility to ensure that the

student's participation does not interfere with the student's academic obligations.

If the faculty member has, or expects to have, academic responsibility (instructional, evaluative, or supervisory) for the student, the faculty member must obtain prior written approval from the Chair/Director before involving a student in an outside professional activity regardless of whether the faculty member is compensated for or has a financial interest in the activity. Involvement of students means any substantive activity in which the student participates, whether the student is compensated or uncompensated. The involvement of a student in the outside professional activity of a faculty member must not affect, positively or negatively, the faculty member's evaluation of the student's performance in any other context.

I. Records and Reporting of Outside Professional Activities

Plan Participants are responsible for maintaining updated records and a cumulative total of their annual earnings and the time devoted to all outside professional activities, whether or not they plan to exceed the time or earnings thresholds and whether or not the funds are due the plan

All Plan Participants are required to submit to his/her Chair/Director an annual report that describes the previous year's outside professional activities from which the Plan Participant received income or allocated time and an attestation of adherence to the department/unit guidelines. The report should itemize outside activities in temporal order and should be consistent with the reporting requirements specified in APM 671 and any successive sections of the APM. It is the responsibility of the Chair/Director to review and retain this information. The Chair's/Director's attestations shall be submitted annually to the Vice Dean for Academic Affairs. It is the responsibility of the Plan Participant to bring to the attention of his/her Chair/Director any activity(ies) that require(s) advance approval, as detailed above.

Service performed during paid or unpaid leaves of absence, including, but not limited to, weekends, vacation days and holidays, is reportable and counts toward the time and earnings thresholds.

J. Non-Compliance

1. Monitoring and Enforcement

Chairs/Directors have primary responsibility for monitoring and enforcing the requirements of their department/unit guidelines and these Implementing Procedures. The primary means of monitoring compliance shall be the Chair's/Director's annual review of the information the Plan Participants provide in their annual reports on outside professional activities. If a Chair/Director has concerns about whether a Plan Participant is meeting the established standards, the matter should be referred to the Dean's Office. The responsibility for oversight of the outside professional activities of Chairs and Directors resides with the Dean and may be delegated to the Vice Dean for Academic Affairs.

2. Corrective Action and Disciplinary Measures

The University reserves the right to impose administrative remedies and/or to take corrective action and disciplinary measures against any Plan Participant who fails to comply with the Plan, these Implementation Procedures, and/or department/unit guidelines on outside professional activities.

Situations where Plan Participants will be considered out of compliance include, but are not limited, to:

- a) Failure to disclose and deposit income due to the Plan, as required by these Implementation Procedures and department/unit guidelines;
- b) Failure to accurately disclose and describe the nature and scope of outside professional activities, as required by these Implementation Procedures and department/unit guidelines;
- c) Failure to obtain prior written approval for all Category I activities or for outside professional activities involving a student(s);
- d) Failure to comply with time and/or earnings thresholds requirements, as required by these Implementation Procedures and department/unit guidelines.

Corrective action may include the discontinuation of certain privileges available only to Plan Participants, in particular the opportunity to earn and receive compensation above the academic year salary scale through the Plan because of noncompliance.

Corrective actions may include:

- (a) Discontinuation of Incentive Compensation or other bonus

compensation (the “Z”) until the Plan Participant complies with the Regents’ Plan provisions and the provisions of these Implementing Procedures; and/or

(b) Additional Compensation (the “Y”) may be set with consideration of the Plan Participant’s prior performance, including compliance with guidelines on outside professional activities.

Whenever reductions in compensation are the result of corrective action or discipline, the Chair/Director shall notify the Plan Participant in writing.* Corrective action does not preclude sanctions or disciplinary measures in accordance with the Faculty Code of Conduct and Academic Senate Bylaws, nor does it preclude the possibility that a Plan Participant may be determined to be Not In Good Standing for lack of compliance with University policy and/or reporting requirements. Violations by Plan Participants of either the time or earnings thresholds on outside professional activities represent an unauthorized use of University resources and/or retention of funds belonging to the University. Such violations are subject to discipline in accordance with the Faculty Code of Conduct and/or APM 150.

* Reductions in compensation are not always the result of corrective action and may occur for other reasons, such as insufficiency of current year income or contingency reserves. Whenever there are reductions in compensation, the Chair/Director shall provide the Plan Participant with written notice. A reasonable amount of University resources may be used in support of activities to governmental agencies, non-profit health-or education-related organizations, continuing health education programs administered by the University, and/or University Extension, even if the income from these activities is retained by the individual Plan Participant.

3. Complaints and Appeals

If a Plan Participant has a complaint about an issue related to outside professional activities, s/he should make every effort to resolve the complaint at the department/unit level. If the complaint cannot be resolved through discussion and negotiation at this level, then the Plan Participant’s complaint and the Chair/Director’s response shall be documented in writing by the Plan Participant and/or Chair/Director. If the Plan Participant disagrees with the Chair’s/Director’s response, s/he should file a formal complaint with the Dean. The Advisory Committee is charged with fact-finding. Both the Chair/Director or his/her designee and the Plan Participant have the right to be heard by the Committee. The Committee shall issue a formal written recommendation for resolution of the complaint to the Dean. The Dean shall review the Committee’s recommendation and make a final decision.

4. Grievance Rights

Plan Participants who are Academic Senate members may pursue their grievance rights under the terms of Senate Bylaw 335. Non-Senate Plan Participants may request a hearing under the terms of APM - 140.

K. Conflict of Interest Code

A Plan Participant's compensated outside activities may create an obligation for him/her to disclose a financial interest before making decisions or participating in certain activities. Department/Unit guidelines must reference the University's Conflict of Interest Code, adopted pursuant to the requirements of the Political Reform Act of 1974, which requires designated University employees to disqualify themselves from participating in University decisions in which they have a personal financial interest. Additional information about these requirements is available through the campus Office of Legal Affairs.

L. The Policy on the Requirement to Submit Proposals and to Receive Awards for Grants and Contracts Through the University was issued by the President on December 15, 1994 and applies to all faculty. This policy states that employees who receive any part of their salary through the University, or whose activities use any University resources or facilities, must submit their proposals for extramural support through the appropriate University contracts and grants office. This requirement ensures that all research and other extramurally-funded projects comply with relevant University policies and guidelines. An exception to this policy has been granted to UCSF VA faculty who are physically located at the VA and who use VA resources to perform the funded project.

Benefits

M. Benefits Overview

No campus may offer faculty benefits beyond those which have been approved by The Regents. All benefits shall be provided in accordance with policies and/or guidelines issued or approved by the Office of the President. Each health sciences school and respective accounting office shall develop and provide a funding mechanism for support of all benefits made available under the provisions of this Plan, and this mechanism shall be included in the Implementing Procedures established for administration of the Plan. All such

benefits as described below and in related policies shall be provided uniformly within departments/unit and/or divisions, as reviewed by their participants and as approved by the Dean.

1. Base Salary-Related Benefits

Base salary-related benefits are associated with a Plan Participant's salary from one of the Health Sciences Salary Scales. These benefits include participation in the UCRP, health care benefits, disability benefits, regular term life coverage, and other benefits as may be approved by The Regents. Base salary-related benefits shall be made available to Plan Participants on the same basis as to all other members of the University faculty.

2. Optional Benefits on Additional Compensation

The Regents have authorized disability and life insurance benefit programs related to health sciences additional compensation beyond the base salary. These programs must be approved by the Office of Human Resources, Office of the President. Policies governing optional disability and life insurance programs on additional compensation are available from that office.

3. Paid Leave

Plan Participants who are eligible for sabbatical leave, leave with salary, or extended illness leave shall be granted such leave paid at a rate that is at least the Plan Participant's Health Sciences Scales Base Salary rate (X, X'), as set forth in these Implementing Procedures. A Plan Participant who leaves University service or transfers from a vacation-accruing title to a non-accruing title shall be paid for accrued vacation at the Plan Participant's total negotiated salary rate at the time of separation.

With the exception of the two provisions below, or where explicitly stated in policy, Plan Participants are eligible for leaves as defined in APM - 710 - 760. Department/Unit guidelines shall include provisions that clearly define the rate of pay while on a leave, i.e. whether the Plan Participant will be paid more than the minimum base salary rate. In the absence of specific provisions in the Department/Unit guidelines, the leave provisions as described in APM - 710 - 760 shall be used. Each department's/unit's guidelines shall include provisions for Plan Participants who are eligible for sabbatical leave or other leaves with salary, including parental leave, to ensure that such benefits are provided uniformly within departments/units and/or divisions. No department/unit may offer to its Plan Participants benefits beyond those approved by The Regents for faculty members in the University.

a) Extended Illness Leave

Extended illness is defined as a health condition resulting in absence for more than two weeks. Plan Participants who are appointed full-time to at least a twelve-month term who are unable to work for reasons of extended personal illness, injury or disability shall be granted paid medical leave of a minimum six (6) weeks consecutive or intermittent paid medical leave at the Plan Participant's approved base salary. Extended illness must be documented as a leave with pay on a *Leave of Absence* form. Department/Unit guidelines must provide a minimum of six weeks of salary at the covered compensation ($X + X'$) rate, must specify the salary rate(s) (e.g. X , $X' + Y$) that applies during paid leave(s), the maximum duration of leave provided, and any documentation requirements. In addition, eligibility for successive paid extended illness leave must be specified in the guidelines.

Departments/Units may provide a graduated benefit depending upon the years of faculty service.

b) Childbearing Leave

Childbearing leave is for a Plan Participant who bears a child or children, regardless of academic series or months of service. Childbearing leave shall consist of time the Plan Participant is temporarily disabled because of pregnancy, childbirth, or related medical conditions. A minimum of six weeks of full salary ($X + X' + Y$) shall be covered. If additional leave is required for medical reasons, then the department/unit extended illness policy may apply. Guidelines must specify the salary rate and duration of any additional paid leave. A Plan Participant who bears a child is also eligible for childrearing/parental leave without pay and a period of Active Service-Modified Duties (See APM 760-28).

c) Childrearing/Parental Leave With Pay

Guidelines must provide a minimum of two weeks childrearing/parental leave at full salary ($X + X' + Y$) to any non-birth parent who is a Plan Participant. Guidelines may not provide more childrearing/parental leave with pay than childbearing leave with pay. Childrearing/Parental leave with pay must be used within 12 months of birth or adoption.

d) Childrearing/Parental Leave Without Pay

Plan Participants are eligible for full-time or part-time parental leave without pay for up to 12 months to care for a child. At the Plan Participant's request, accrued vacation shall be substituted for unpaid parental leave. Childrearing/Parental leave without pay must be used within 12 months of birth or adoption.

e) Other Paid Leave

Paid leave at full salary ($X + X' + Y$) will be granted when a Plan Participant is unable to work because s/he must care for a spouse, domestic partner, child or parent who is ill. Paid leave under such circumstances shall be for a maximum of five days per Plan Participant per year at full salary. If eligible for family and medical leave in accordance with APM 715, the five-day paid leave will run concurrently with the family and medical leave.

N. Income Limitation Plan (ILP)

The Income Limitation Plan (ILP) arrangement is not an option for compensation of faculty who were not grandfathered as ILP members on July 8, 1998.

VI. ACCOUNTING AND BUDGETING METHODS

A. Management and Reporting of Income and Expenses

All professional services income generated by Plan Participants shall be accounted for and reported as revenue of the University; the only exception to this requirement shall be income which the Plan Participant is allowed to retain, in accordance with his/her department/unit guidelines.

All income owed the University must be deposited in accordance with University cash/check handling policies and procedures and recorded in the appropriate revenue account and a fund within the UCOP fund group 409140. For payments made directly to the individual Plan Participant and owed to the Plan, the check should be endorsed payable to the University and deposited in the same fund. A receipt for each such deposit should be provided to the Plan Participant.

All compensation paid by the University to Plan Participants is subject to Federal and State tax withholding and reported on a W-2 form as wages. All financial transactions shall be approved, documented, and otherwise processed or executed in accordance with University, campus and School of Medicine policies, procedures, and delegations of authority.

In accordance with the Plan, all professional fee billing and collection activities shall be conducted by a University billing group or by an external vendor which has been approved by which has been approved by the Vice Chancellor for Health Affairs and the UCSF Health Executive Director for Patient Financial Services..

B. Assessment of Professional Fee Income

Assessments will be collected monthly. All department/unit guidelines must detail the disposition of outside professional income due the Plan, including the methodology for calculating any departmental/unit assessments.

C. Budgeting and Accounting

All the funds and transactions associated with the Plan will be accounted for in accordance with the applicable sections of the University accounting manuals. Each department and unit shall develop and submit to the Dean an all funds consolidated budget/forecast at regular intervals as determined by the Dean's Office. Except where accumulated surpluses are being used to support an extensive growth phase, it is expected that revenue will always be adequate to support anticipated expenses. Departments/Units should clearly indicate the funding mechanism for all benefits provided under the provisions of the Plan.

Current Year expenditures shall be budgeted for and funded in the following order of priority:

- 1) Clinical practice operating expenses, defined as costs incurred by the department/unit for all related operating activities, including administrative overhead.
- 2) To the extent that funds remain after expenditures for clinical practice costs indicated in 1) above, compensation may be paid to eligible participants in the Plan. Base salary and related benefits, including any required contribution on behalf of UCRP-covered compensation, shall be funded before additional compensation.
- 3) To the extent that funds remain after the foregoing expenditures, benefits approved in accordance with the Regents' Plan may be paid. Each department and unit shall maintain a Reserve for Contingencies. These reserves will be used for such academic purposes as funding necessary renovation projects, recruitment expenses, or unfunded research expenses, and as a security for

emergencies. In the event a department/unit has accumulated a surplus beyond that required to cover contingencies, it is expected that these funds will be used to enhance the department's/unit's academic program or to develop new programs as recommended by the Chair/Director and approved by the Dean. Fund balances will be monitored quarterly by the Dean or his/her designee.

APPENDIX A

Requirements for Continuation of the Income Limitation Arrangements

Continuation of an individual employed or operating under Income Limitation Plan (ILP) arrangement policies requires that the ILP arrangement policies and practices are in conformance with legal requirements. To the extent that an individual's practice fails to conform with either tax laws or Federal or State regulatory statutes, consultation shall occur with appropriate representatives of the campus regarding steps necessary to comply with tax laws and statutes governing physician reimbursement. Where such requirements cannot be met, the individual shall become a member of the Health Sciences Compensation Plan.

Faculty members operating under the ILP arrangement will continue to be subject to the provisions of the applicable University and School of Medicine policies and procedures and modifications regarding reporting and assessment of income approved by the Office of the President for operation under the 1977 Regental Plan.