College of Pharmacy Faculty Salary Incentive Plan
Proposal for a Pilot Compensation Program
in the College of Pharmacy

November, 2003

I. Background

Like all other Units at the University of Iowa, the College of Pharmacy has been working to try to address two major issues: (1) a need to stimulate an increase in funded grants and contracts and broaden our non-general fund financial base to allow us to continue to deliver the high quality professional, graduate and research programs of the college, and (2) responding to the reality that our salaries have slipped substantially in relation to our peer institutions and competitors. In the latter context 4 years ago our average salaries for all faculty were at the 75th percentile of all colleges of pharmacy and about at the 50th percentile relative to the colleges of pharmacy who we consider our benchmarks, including the Big 10. As a result of 4 years of minimal increases our salaries have dropped in comparison leaving us continually vulnerable to loss of key faculty as we try to build our programs. This is not only devastating from the perspective of losing key people, but also requires even great resources to recruit, compensate and provide start up for replacement faculty appointments.

In an effort to address these issues the College is proposing that we institute a lump sum payment plan, which has the potential to incentivize faculty to seek additional extramural support as well as to enhance their salaries on a non-recurring basis and try to put us in a more competitive position with other major colleges of pharmacy, many of whom have instituted similar approaches to address competitive salary concerns.

The College currently has a non-salary incentive programs that reward faculty who generate significant proportions of their salary from extramural awards. Typically, the divisions “return” a portion (up to 50%) of these recovered funds directly back to the faculty member for enrichment account for research activities and retain a portion to provide infrastructure funding for the Divisional graduate and research programs.

The proposed new plan would create an additional non-recurring salary incentive program for incremental salary over and above the current plan once salary offset reaches a specific threshold figure.

While the initial source of revenue for this additional compensation will be derived from salary offset on grants and contracts, including faculty generated revenue from clinical services, we are actively examining other forms of revenue which might also contribute to this pool of funds so that we might be able to meaningful reward excellent performance on the part of faculty in areas other than extramural grant/contract success.

This proposal will be evaluated over the next two academic years to determine if this pilot program is successful. The review will include an analysis of extramural funding trends, quality of our teaching and service programs and faculty productivity.

II. Proposed Plan

Concept

The concept of this productivity-based incentive plan rests on the faculty member and the divisions achieving certain goals of productivity and achieving targets in the missions of research and clinical service. This new plan would continue to recognize faculty whose extramural awards
provide significant salary support or contracts for clinical service revenue, and in addition, would recognize faculty with high level awards that provide minimal or no salary support due to funding entity restrictions. The plan would also recognize those who spend a considerable amount of their time and effort contributing to important teaching/administrative activities in the college. The plan is intended to be an incentive that would lead to a substantial increase in grant and contract productivity and subsequent salary return for departmental uses, for example, visiting speakers seminar series, augmented graduate student stipends, purchase of shared equipment, start-up funds for new faculty, bridging funds for faculty who experience an interruption of extramural support, etc.

The lump sum bonus payments would be in addition to, and unrelated, to yearly merit salary increases. The productivity incentive payment would be paid in early November based on attainment of the previous academic years’ goals or targets. Accordingly, productivity incentive payments will not be a permanent part of the faculty member’s salary and vary year to year based upon the previous year’s productivity.

An option would also exist to have this bonus provided for direct use to the faculty in support of their research programs rather than as nonrecurring salary.

This plan is consistent with the current expectation that all tenure track faculty in the College support a minimum threshold level of their salary through extramural grant/contract funding and that all clinical track faculty strive to generate appropriate revenue for their clinical services. To date this has varied by Division and by rank but generally ranges between 5 and 25%. A smaller number of (mainly clinical track) faculty already generate significant clinical service revenue but there is clear potential for growth in this arena.

The initial phase of this productivity incentive plan focuses on salary offset dollar generation from grants and contracts. It is our expectation that future versions of this plan will incorporate provisions that reward extraordinary teaching effort and/or accomplishment along with recognizing faculty service to departments, the College or University.

The following defines the lump sum payment amounts associated with the acquisition of extramural awards that provide salary support, extramural grants that provide limited or no salary support and teaching and or administrative service productivity payments.

### Research Grant and Contract Productivity Incentive Payments

**Salary Offset as a % of Salary Support:**

- 20% - 29%  $ 2,000
- 30% - 39%  $ 5,000
- 40% - 49%  $10,000
- > 50%  - $15,000

**Extramural Grants that provide limited or no salary support**

- If the PI has $350,000 - $450,000 in such extramural research support per year, the productivity incentive payment will be determined by the department head and may be up to $5,000.
- If the PI has >$451,000 in such extramural research support per year, the productivity incentive payment will be determined by the department head and may be up to $10,000.
Teaching/Administrative Service Incentive Payments

Individual faculty may also be rewarded with a bonus for highly meritorious activities related to teaching or service. Examples of what would be considered for this type of an award would be creation of a new innovative course or accepting major responsibility identified by the Division Head as innovative and is particularly intensive of time and effort in the area of service to the Division or the College. These incentive payments will be determined by the division head and may be up to $5,000. Division Heads will identify the specific types of responsibilities/activities and make recommendations for these bonus payments to the Dean.

Eligibility Requirements

The incentive payment program is applicable to all full time faculty in the College of Pharmacy.

In addition to the above requirements, a faculty member must be on the College of Pharmacy payroll at the time payment is made.

Emeritus faculty will not be eligible for an incentive payment except during the first year of their emeritus status based on their performance in the previous fiscal year which is utilized for calculating the incentive payment amount.

Operational Guidelines

The maximum payment for an individual faculty member is capped in any single year at $15,000.

The incentive payment will also need to be augmented by a FICA payment of 7.4% and any other required miscellaneous benefits associated with extra compensation.

The development of procedures for implementation of this program will be the responsibility of the Division Heads with the Dean of the College of Pharmacy, having final decision authority for the overall program, including adjudication of any interpretation issues, complaints, and/or grievances related to program policy.

The Program will be initiated as a pilot and be reviewed after two years to assess its impact on the objectives and its success in achieving all of the College’s goals and maintaining consistency with our mission.