

UCLA DAVID GEFFEN SCHOOL OF MEDICINE IMPLEMENTING
PROCEDURES UNDER THE UC HEALTH SCIENCES COMPENSATION PLAN

I. ADOPTION

This document sets forth the UCLA David Geffen School of Medicine Implementing Procedures under the University of California Health Sciences Compensation Plan (“Plan”) and Conflict of Commitment and Outside Activities of Health Sciences Compensation Plan Participants. The Plan supersedes any previous plan except as found in Appendix A. These Procedures have been recommended by the Chancellor, after consultation with the Dean and the Faculty Executive Committee, and are effective July 1, 2015, after approval by the President or the President’s designee, prior to implementation.

In addition to these Procedures, participants 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 faculty member’s compensated outside activities may create an obligation for the faculty member to disclose a financial interest before making or participating in certain University decisions. Faculty can obtain information on the disclosure and disqualification requirements of the Political Reform Act of 1974, including the Academic Decision Regulation, from the office of Campus Counsel.

II. MEMBERSHIP

A. Eligibility

1. Members of the faculty of the School of Medicine shall be members of this Plan if they hold a University funded appointment at greater than 50 percent of full time in any of the following series: Professor, Professor-in-Residence, Professor of Clinical X (e.g., Medicine), Adjunct Professor, Acting Professor, Health Sciences Clinical Professor, Health Sciences School Dean, or any other professorial series approved for membership in this Plan by the President or the President’s designee. Faculty in the Visiting Professor series who receive income from clinical services and meet the above criteria are also members of the Plan.
2. Membership in the Plan is a term and condition of employment. All new and continuing eligible Plan members shall receive a copy of the Plan and these approved Implementing Procedures, and any related Department bylaws applicable to faculty covered by the Plan, and shall sign the following statement:

“I have received a copy of the University of California Health Sciences Compensation Plan, the Conflict of Commitment and Outside Activities of Health Sciences Compensation Plan Participants, the School of Medicine Implementing Procedures of the Plan, and my Department’s Compensation Plan Bylaws. I understand that the provisions in all four documents constitute conditions of my employment.”

3. A member of the faculty of the School of Medicine who falls within the criteria in Section II.A.1, except that his or her only University appointment is a University funded appointment at 50 percent or less time, may be recommended by the Chair and approved by the Dean as a member of the Plan.
4. Part-time appointments are made with the expectation that the individual’s full-time professional commitment is to the University.
5. The Dean may approve membership in the Plan for otherwise eligible faculty members who have retired and are recalled. Such appointments may not exceed a maximum total per each month of 43 percent of full time. Refer to APM - 205, Recall for Academic Appointees, for terms and conditions for Plan membership for recall appointees.
6. The Chancellor may approve exceptions to membership requirements to meet special teaching, research, clinical care, or University and public service requirements.

B. Period of Membership in the Plan

Membership in the Plan shall continue while the Plan continues to be in effect. Separation from eligible appointment will terminate membership in the Plan.

C. Partnerships and Incorporation

Members of the Plan may not formulate partnerships, be separately incorporated, or be members of a group professional corporation, or the legal equivalent thereof for the provision of healthcare.

III. COMPENSATION

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

A. Total Compensation

Faculty members participating in this Plan shall receive base salary, shall be eligible for optional additional compensation and shall be permitted to retain other miscellaneous income as described in this document. No State funds shall be used for the portion of base salary that exceeds the Fiscal Year Salary Scales (Scale 0), or approved off-scale equivalent, for the Plan member's rank and step, or for the optional additional compensation as described in Section C below. This portion of compensation shall be funded using Compensation Plan funds and other non-State funds in compliance with any related fund source restrictions.

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

Base salary for an individual is the approved rate on one of the Health Sciences Compensation Plan Salary Scales, 0 through 9, associated with that faculty member's academic rank, step and academic programmatic unit. Generally, off-scale salaries are not awarded. The 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 the UCRP provisions and regulations. Salary scales are assigned to academic programmatic units and may be changed in accordance with guidelines issued by the Chancellor, and with the approval of the Dean. The differential between X (Scale 0) and the faculty member's rank and step on the Health Sciences Compensation Plan Salary Scale assigned to the faculty member's APU is designated X-prime (X').

1. Assignment to academic programmatic units (APUs) within the Department is recommended by the Chair and approved by the Dean. An APU is defined as a group of faculty with similar clinical, and/or teaching and research responsibilities.
2. All Plan members in an APU will be on the same scale. In cases where an individual's appointment is split between two different APUs, he/she will belong for purposes of base salary assignment to the APU unit in which the greatest portion of his or her time and effort is spent. When an individual's time and effort is equally divided between two different APUs, the Dean, upon consultation with the Chair or Chairs, shall determine which APU the individual will belong for purposes of base scale assignment.
3. The Dean, by delegation from the Chancellor, is authorized to create APUs comprising fewer than four members. Chairs are required to receive advance approval from the Dean for an APU of fewer than four members. The request for approval shall include the criteria for composition of the APU, and the name, series, rank and step of each member.
4. An APU, as approved by the Dean, may advance each successive fiscal year to the next highest salary scale on the table of health sciences salary scales, assuming that there is sound fiscal evidence to conclude that net revenues will continue to be realized at a level sufficient to sustain the increase. Reassignment of an APU to a lower scale may be approved by the Dean for a

group of faculty after a one year period, in cases where there is a decrease in net revenues to a level insufficient to fund the previously approved scale. An APU typically moves down no more than one scale at a time.

5. No individual faculty member may be moved from one APU to another without significant change in duties or a change in department. Department chairs shall report annually to the Dean the name of any faculty member who has moved from one APU to another and the reason for the transition.

C. Additional Compensation

Supplementary to the base salary, faculty members may receive additional compensation in accordance with fund source restrictions as follows:

1. Negotiated additional compensation (“Y”). The Department Chair may annually negotiate, and recommend to the Dean for approval, an amount of additional compensation to be funded from any allowable fund source and paid at the rate of 1/12 of the annual amount per month. This component is beyond base salary and is not covered compensation for UCRP.
2. Incentive/Bonus compensation (“Z”). Plan members may receive incentive/bonus compensation. Departmental Compensation Plan Bylaws will describe the manner in which faculty members within a department, division, or APU may earn incentive compensation beyond base and negotiated compensation, upon the approval of the Dean. Optional incentive/bonus compensation shall be funded from professional fees only. Intradepartmental assessment policies may differ according to the source(s) of professional fees, i.e., clinical practice and outside professional income owed to the Plan.

D. Annual Notification

Annually, after salary negotiations have been approved by the Dean, the Department Chair shall provide each member of the Plan with a written notification of the member’s total annual compensation which shall include:

1. The amount of UCRP-covered salary (total of X & X’).
2. The Health Sciences Compensation Plan scale assigned to the Plan member’s APU.
3. The amount of approved negotiated additional compensation (Y).
4. The payment schedule for incentive/bonus compensation (Z) payments and the departmental assessment policy/rates used in determining Z income.

E. Department Bylaws

Prior to implementation or revision of Department Compensation Plan Bylaws, affected Plan participants shall be afforded the opportunity to review and comment on the proposed bylaws. After approval by a vote of the faculty, each Department's Bylaws are subject to review and approval by the Dean and shall provide, at a minimum, for the following:

Participation of faculty members or a committee of faculty members in the development and adoption of the methodology for determining Plan members' additional compensation;

Criteria for determining negotiated additional compensation ("Y");

*A description of the assessment calculations applied to clinical revenue and outside professional income deposited to the Plan to determine Z income;

Criteria for earning optional incentive/bonus compensation ("Z");

A statement regarding the timing of the distribution and payment of any incentive/bonus compensation ("Z");

A description of terms and conditions of established Academic Enrichment Accounts;

The maximum time allotment which Plan participants may devote to compensated and uncompensated outside professional activities;

A deadline for annual reporting of Category I and Category II activities and compensation earned from such activities;

A description of benefits and salary to be received pursuant to V.B. and V.C. below;

A description of departmental Good Standing Criteria;

A description of grievance procedures for complaints on issues related to outside professional activities.

*Where departmental assessments vary, departments are encouraged in their bylaws to recognize and reward entrepreneurial creativity.

F. Assessment of Professional Services Income

A School-wide assessment will be charged annually on gross Plan income from professional services and related professional activity. The assessment rate will be

determined between the Department Chair and the Dean and be reflected in the annual department Plan budget.

IV. OTHER INCOME

A. Clinical Income

Patient care activities must be provided within the University setting, or as part of an approved affiliation agreement or professional services agreement. **All clinical income is due the Plan.** In no case will Plan members be allowed to retain income from patient care activities.

B. Outside Professional Activities Income

Outside professional activities, both compensated and uncompensated, may be undertaken by Plan members. However, such activities must not conflict with a Plan member's primary professional obligations to the University as defined by the Plan member's faculty appointment. Any external activity with the potential to reduce the time and attention a Plan member can devote to University responsibilities, and thus negatively impact his/her performance of assigned duties, constitutes a "conflict of commitment."

Time Limits:

Plan members may devote up to 48 days annually to compensated and uncompensated outside professional activities, consistent with the time limits established for outside professional activities (APM - 671-8 b). Departments may set more restrictive limits than the maximum of 48 days; however, such limits shall not be less than 21 days of compensated and uncompensated outside professional activity. Affected Plan participants shall be provided an opportunity to review and comment on their proposed departmental limit.

Annual Outside Professional Activities Earnings Approval Threshold:

Plan members may retain income accruing from certain categories of outside professional activities, not to exceed the annual outside professional activities earnings approval threshold of \$40,000 or 40 percent of the fiscal-year base salary (scale 0); whichever is greater, for the Plan member's rank and step. A Plan participant who has satisfied the Good Standing Criteria established in accordance with APM 670-10, who has not exceeded the limit on the number of days devoted to compensated and uncompensated outside activities established by his/her departmental Bylaws, and whose annual earnings from all outside professional activities will not exceed the annual outside professional activities earnings approval threshold is allowed to engage in outside professional activities (other than patient care) in accordance with all applicable University policies.

Outside professional activities are grouped into categories according to their potential to raise conflict of commitment issues.

Category I Activities:

Activities in this category possess the greatest possibility of creating a conflict of commitment because they utilize the Plan member's professional expertise and they require significant professional commitment directed to a third party. Activities in this category include, but are not limited to:

Teaching, research, or administration of a grant at an educational institution, trust, organization, government agency, foundation, or other entity outside the University;

Employment outside of the University;

Assuming a founding/co-founding role of a company;

Assuming an executive/managerial role;

Any other activity that possesses a greater potential for a conflict of commitment.

Category I activities require prior approval by the Chancellor and are subject to disclosure in annual reporting. Category I activities count toward the Plan member's annual time allotment as specified in Department Bylaws for compensated and uncompensated outside professional activity, and earned income counts toward the annual earnings approval threshold.

Plan members are required to seek prior approval for Category I activities that are the basis for an approved leave without pay. Prior approval is not required for extension of leave without pay.

Category II Activities:

Activities in this category are shorter term activities that possess less potential for a conflict of commitment and include:

Additional University-compensated teaching, including teaching for UNEX courses and programs (see APM - 662, Additional Compensation: Additional Teaching), other continuing health education programs administered by the University, and self-supporting UC degree programs outside the member's teaching load;

Consulting for non-profit health or education-related organizations;

Consulting for government agencies;

Consulting for non-profit entities;

Consulting for for-profit entities;

Consulting or testifying as an expert of professional witness;

Consulting under the auspices of the University of California;

Serving on a board of directors outside the University whether compensated or uncompensated;

Providing or presenting a workshop for industry.

Category II activities generally do not require advance approval, but are subject to disclosure in annual reporting. All Category II activities count toward the Plan member's annual time allotment as specified in Department Bylaws for compensated and uncompensated outside professional activity, and earned income counts toward the earnings approval threshold.

Category III Activities:

Activities in this category are considered to be within the course and scope of University employment, accepted as a component of a Plan member's scholarly and creative work, unlikely to raise conflict of commitment issues.

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

Serving on government or professional panels or committees;

Serving as an officer or board member of a professional or scholarly society;

Reviewing manuscripts; acting in an editorial capacity;

Attending and presenting talks at university/academic colloquia and conferences;

Developing scholarly or creative works.

Category III activities do not require prior approval and are not subject to disclosure in annual reporting. They do not count toward the Plan member's time allotment as specified in Department Bylaws for compensated and uncompensated outside professional activity, and earned income is retained by the Plan participant and does not count toward the annual earnings approval threshold. Category III activities are to be managed so that they do not interfere with a Plan member's obligations to the University.

C. Distribution of Income Deposited to the Plan

To the extent he/she wishes to participate, by March 31 of each fiscal year, each Plan participant shall discuss with his/her Chair and with the Chair's written approval shall select in writing one of the following options for income deposited to the Plan in excess of financial requirements. Such disposition will then 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 will review his/her selection. If approved, the Chair will issue written approval of the Plan member's selection.

Options:

OPTION A: Z Payment

Income is paid as a "Z" payment minus applicable assessments as published in departmental bylaws on a schedule to be set in departmental bylaws.

A "Z" payment may be paid earlier than the standard schedule if the Plan member retires or separates from University employment or upon approval of the Chair. *Option A is the default option. It will be implemented each year for Plan members who do not select in writing and secure approval for another option (i.e., Option B or Option C, below).*

OPTION B: Academic Enrichment Account

Income is allocated to an Academic Enrichment Account. Account funds may be used to support University-approved academic professional activities by reimbursing expenses that can be characterized as either: (1) an allowable direct charge or (2) reimbursable University-related business expenses incurred and documented consistent with University business and finance bulletins and accounting guidelines in support of the Plan member's academic work.

OPTION C: Designated Academic Enrichment Account and Z Payment

A defined part (flat dollar amount or percentage) of the income is allocated to an Academic Enrichment Account and the remainder is paid to the Plan participant as a "Z" payment. Each part is subject to the restrictions described above, as applicable.

Academic Enrichment Accounts:

Departments may establish, fund, and operate Academic Enrichment Accounts for the purpose of funding expenditures in support of research and academic activities and/or employee development. Academic Enrichment Accounts are funded solely from funds available for distribution under the "Z" component of the faculty's compensation. **Once funds are allocated to an Academic Enrichment Account, they may not subsequently be used for faculty salary support.**

On an annual basis, if allowed by his/her department bylaws, a Plan member may submit a request to the Chair that funds are allocated to an Academic Enrichment Account for

the forthcoming academic year (July 1 through June 30). The request must be submitted in writing prior to March 31 (i.e., in advance of the forthcoming academic year) and approved prior to implementation (i.e., by July 1st).

A Chair may submit a written request to the Dean's Office to allocate funds for the upcoming fiscal year to an Academic Enrichment Account. The Dean or the Dean's designee must confirm his/her approval, if forthcoming, in writing.

Disposition of the funds in an Academic Enrichment Account is under the auspices of the Department. The Chancellor or Chancellor's designee, through the Chair, has final authority over the use and distribution of funds held in an Academic Enrichment Account. Once funds have been allocated to an Academic Enrichment Account, the Plan member may not change the designation of these funds as academic enrichment funds.

The Department must maintain detailed records that are readily available for audit and other appropriate reviews and support the allowable nature of the reimbursable academic professional expenses that are paid from the Academic Enrichment Account. Plan members 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 member consistent with University accounting guidelines.

An Academic Enrichment Account can maintain a positive balance at the end of an academic year that may be carried forward to the next academic year, at the discretion of the Chair. Disposition of the year-end positive balance is communicated annually to the Plan member at the time request for allocations to Academic Enrichment Accounts are made.

In the event of termination of employment, any outstanding account receivables shall be treated consistent with the Plan member's compensation arrangement. Specifically, receivables originated by Plan members without incentive/bonus compensation are the property of the University. Academic Enrichment Account funds remain the property of the University. Receivables of Plan members with incentive/bonus compensation are handled in accord with department/unit guidelines. All incentive/bonus compensation, including payments for outstanding account receivables, shall be paid through the University's payroll system.

D. Non-Cash Income

Professional income governed by the Plan includes not only cash, but non-cash income. Plan participants are required to disclose non-cash income received in exchange for professional services within 30 days of receipt. Following is more specific guidance with respect to stock, stock options and founder's stock.

STOCK received in lieu of compensation for outside professional activities must be disclosed to the Department Chair and to the Dean's Office within 30 days of the date of

receipt, at which time it will be valued. If the stock is given to the faculty member at no cost, dollars equal to the stock's full value on the date of receipt are 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 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 faculty member will be notified of the nature of any Plan obligations, based on the above methodology. Faculty who neglect to disclose the stock at the time 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 faculty member believes that any dollars are due the Plan.

STOCK OPTIONS received in lieu of compensation for outside professional activities also must be disclosed to the Department Chair and the Dean's Office within 30 days of the date the stock option agreement is signed. The Dean's Office will obtain a valuation of the stock 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 the stock's valuation/market 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 a determination of the value of the stock, the faculty member will be notified of the nature of any Plan obligations, based on the above methodology. Faculty who neglect to disclose this information within 30 days of signing such stock option agreements will owe the Plan the difference between the offered option price at the time the agreement was signed and the value of the stock at the time it is disclosed. Disclosure of stock options is required regardless of 1) the stock's potential valuation, 2) whether the faculty member intends to exercise the options, and 3) whether the faculty member believes that any dollars are due the Plan.

FOUNDERS' STOCK received in lieu of compensation for outside professional activities must also be disclosed to the Department Chair and to the Dean's Office within 30 days of the time of receipt. It will be valued at the time of receipt and any value will be due the Plan. Since the value of founders' stock is generally insignificant, in most cases a negligible amount would be owed the Plan. However, if the founders' stock is not disclosed upon receipt, the value of the stock at the time of disclosure is due the Plan.

E. Other Activities

Income from the following activities may be retained by Plan participants and does not count toward the earnings approval threshold. Time related to these activities does not count toward the time allotment established in Departmental Bylaws.

Prizes, defined as gifts in recognition of personal achievements and not for services rendered.

Royalties, defined as shares or proceeds for contributions as authors or inventors, as allowed under the University's copyright and patent policies. Industry-supported payments for authorship, whether or not as part of a consulting agreement with a company or similar agency, are not considered to be royalties; retention/non-retention of such payments is subject to the time and/or earnings approval threshold for outside professional activities.

Honoraria, defined as payments by academic or scientific 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. Industry-supported payments for lectures and/or presentations, whether or not as part of a consulting agreement with a company or similar agency, are not considered to be honoraria; retention/non-retention of such payments is subject to the time and/or earnings approval threshold for outside professional activities.

University honoraria, defined as payments for occasional lectures or similar services performed on a University of California campus as permitted by Academic Personnel Policy.

Administrative stipends, defined as payments by the University for responsibilities related to University administration beyond normal academic responsibilities.

Income from a profession or activity unrelated to training and experience that is the individual's qualification for University appointment, as determined by the Department Chair in consultation with the Dean.

F. Outside Professional Activities Reporting Requirements

All Plan members are required to complete and submit to their Department Chair an annual report of all Category I and Category II activities, both compensated and uncompensated, conducted during the reporting year, both during normal service periods/holidays and during periods of leave with pay, inclusive of vacation and/or evenings and weekends. An annual report is required even if the Plan member did not engage in outside professional activities during the year.

Plan members are exempt from the reporting of Category I and Category II activities performed while on an approved leave without pay.

G. Approval Process to Exceed Time and/or Earnings Threshold

Each Plan participant shall be responsible for maintaining a running total of his or her time devoted to and annual earnings derived from all outside professional activities whether they exceed the time or earnings threshold and whether the funds are due the

Plan. If a Plan participant wishes to engage in an activity that might reasonably be expected to cause his or her time and/or total annual earnings from outside professional activities to exceed the annual approval threshold, then the Plan participant must request prior written approval to engage in the activity. To request approval, the Plan participant is required to provide to his/her Department Chair, in writing, relevant details about the proposed engagement or schedule of engagements, the nature of the services to be provided, the person or entity(ies) who will receive and/or pay for the service, 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 participant's total annual earnings from outside professional activities are expected to exceed the threshold. After a Plan participant has received approval to engage in an activity that may cause his/her time allotment and/or annual earnings from outside professional activities to exceed the approval threshold, he/she must request the Department Chair's approval for any subsequent engagement(s). If such engagements are approved, they shall be undertaken with all related income accruing to the Plan. Department Chairs shall forward their own written requests to exceed the time and/or earnings approval threshold for outside professional activities to the Dean for approval.

Plan participant requests to retain in excess of the maximum annual outside professional earnings approval threshold of \$40,000 or 40 percent of fiscal-year base salary are subject to Chancellor's approval. Department Chairs shall forward all written requests to exceed the retention earnings threshold to the Dean.

Plan participants shall immediately notify their Department Chairs, or Dean in the case of a Department Chair, if they inadvertently exceed the time limits or earnings threshold or if any of the information they provided in an approval request is inaccurate or has changed since the initial notification. For example, a participant should immediately notify his/her Department Chair if the earnings estimate from an outside professional activity was understated. Plan participants are subject to corrective action and disciplinary measures as outlined in APM - 671-26-b for violation, neglect, or manipulation of Plan requirements.

Plan members are not required to seek prior approval to exceed the time, earnings, and/or earnings retention thresholds for Category I and Category II activities performed during an approved leave without pay.

H. Definition of a Day

A day is defined as 8 hours.

V. BENEFITS

A. Base Salary-Related Benefits

These benefits are associated with that portion of an individual's salary related to one of the Health Sciences Salary Scales, paid through the University of California payroll

system. These benefits include participation in the basic retirement plan, health care insurance, disability insurance, regular term life insurance, and other benefits as may be approved by the Regents. Base salary benefits will be available to faculty members who are members of this Plan on the same basis as to all other members of the University faculty.

B. Optional Benefits on Additional Compensation

A department may elect to provide benefits from allowable funding sources, as authorized by the Regents, on additional compensation beyond the Base Salary paid through the University payroll system. These currently consist of the following: disability and life insurance programs, as approved by the Office of Employee Benefits/Human Resources, Office of the President. The value of such benefits, as determined by Internal Revenue Service guidelines, will be added to the taxable income of the Plan member's W-2 form.

C. Paid Leave

Plan members who are eligible for sabbatical leave, leave with salary, or extended illness leave may be granted such leave at the Health Sciences Scales Base Salary rate (X & X') or the total negotiated salary rate (X, X' & Y) as set forth in individual Department Bylaws.

A Plan member 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 member's total negotiated salary rate (X, X' & Y) at the time of separation.

1. **Extended Illness.** Members of the Plan 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 of six (6) weeks of consecutive or intermittent paid medical leave at the Health Sciences Scales Base Salary rate (X & X') or the total negotiated salary rate (X, X' & Y) as set forth in individual department bylaws. Total paid medical leave for members of the Plan shall not exceed the maximum time period allowable, as determined by years of service, under APM - 710-11 a and b.
2. **Childbearing and Childrearing.** Childbearing and childrearing leaves shall be approved consistent with APM - 760. In no case shall childbearing leave be less than the minimum time period or base salary rate (X & X') as allotted under APM - 760-25 b. Department Bylaws will determine whether salary beyond the base (X & X') will be provided during such approved leaves.

All such benefits, as described above, shall be provided uniformly within campus departments, divisions, or APU as approved by the Dean.

VI. PERFORMANCE STANDARDS

All Department Compensation Plan Bylaws shall establish Good Standing Criteria for Plan members who are responsible for performing the duties assigned them at the time of their hire, as well as reasonable new duties assigned them by their department.

Good Standing Criteria for Plan members shall include established policy expectations for their professorial series appointments, departmental expectations related to service, and expectations related to the successful generation of funds for salary support and other shared expenses.

Plan members shall be deemed in Good Standing until circumstances, as set forth in Department Bylaws, determine a loss of Good Standing. Examples of the reasons for loss of Good Standing may include a finding of faculty misconduct or research misconduct, unsatisfactory performance in a five year review, refusal or failure to participate in assigned duties and/or mandatory training, loss of clinical privileges, licensure and or/credentials, and failure to meet expectations related to generation of salary support and/or shared expenses, and failure to comply with Compensation Plan policies, procedures, and reporting requirements.

A loss of Good Standing may result in decreases in negotiated additional compensation (Y) and Incentive/Bonus compensation (Z). If a Plan member is unable to practice at a specific site due, for example, to revocation of clinical privileges, the Plan member must be willing to undertake new duties as assigned, or otherwise must forfeit the compensation from that assignment. As Plan members are required to be in Good Standing in order to be allowed to earn and/or retain income from non-clinical activities, those not in Good Standing are required to obtain advance approval from the Department Chair to engage in any unassigned professional activities. If approved, the income from all such approved activities shall accrue to the Plan and not to the Plan member.

Department Bylaws shall establish an administrative review process for a Plan member determined not to be in Good Standing. If, as a result of a discussion between the Plan member and the Department Chair, an informal resolution is unsuccessful, the Plan member shall be notified in writing by the Department Chair of the reasons for that determination, and what corrective actions are required in order that the Plan member return to Good Standing. If, within an established time period, the issue for the loss of Good Standing is resolved, the Chair documents, in writing, that the administrative review is completed. If the issue remains unresolved beyond the established time period, all documents are forwarded to the Vice Dean for Faculty for further administrative review. If the Vice Dean concurs with the assessment provided by the Chair, the Vice Dean issues a written determination that the Plan member is not in Good Standing and identifies corrective actions that must be completed in order to return to Good Standing.

A Plan member's return to Good Standing shall require a written request from the Plan member to the Chair that provides satisfactory evidence that the reasons for loss of Good Standing have been resolved. The Department Chair shall review and transmit the Plan

member's request to the Vice Dean for Faculty, and include his/her written assessment and recommendation. If the Vice Dean for Faculty determines that all reasons for loss of Good Standing have been resolved, the Plan member will receive written notification of a return to Good Standing. If the Vice Dean for Faculty determines that there is insufficient resolution of the reasons for loss of Good Standing, the Plan member will be notified in writing that he/she has not been returned to Good Standing and will be provided an outline of what further corrective actions are required.

A Plan member who believes that Good Standing Criteria have been applied unfairly may appeal to the School's Advisory Committee.

VII. COMPLAINTS AND APPEALS

Plan members who have a complaint about issues related to outside professional activities should first try to have the issues resolved at the departmental level. If the complaint cannot be resolved through discussions, the Plan member's complaint and the Department Chair's response should be memorialized in writing. If the Plan member is dissatisfied with the department's decision, he/she should file a formal written complaint addressed to the Vice Dean for Faculty. The Vice Dean for Faculty will charge the Advisory Committee with fact finding. Both the complainant and the complainant's chair/director (or designee) will have the right to be heard by the Committee. The Committee will issue a formal recommendation for resolution for consideration by the Vice Dean for Faculty. If the faculty member is dissatisfied with the Vice Dean's decision, the Plan member can pursue his/her grievance rights under the terms of Senate Bylaw 335. Non-Senate Plan members may request a hearing under the terms of APM - 140.

VIII. FISCAL PROVISIONS

A. Management and Reporting of Income and Expense

1. All professional services income generated by Compensation Plan members shall be managed by, accounted for and reported as revenue of the University; the only exceptions to this requirement shall be Category I and II income earned under the annual outside professional activities earnings approval threshold, earned income from Category III activities, and that which the Plan participant is allowed to retain in accordance with Section IV.E. All compensation paid by the University to Plan members will be subject to Federal and State 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 policies, procedures, and delegations of authority.
 - a. Each Department's clinical professional activities will operate in conformity with the bylaws of the UCLA Medical Group, whose purpose is to support the patient care mission and clinical practice

activities of the faculty. Compensation Plan members who provide patient care professional services will be members of the UCLA Medical Group.

- b. Professional fee billing and collection activities shall be conducted by University billing groups or by external vendors with which the University has contracted or as otherwise permitted by University procedures. All such fees shall be deposited upon receipt by the University or by an external vendor in a University bank account established in accordance with University delegations of authority.
 - c. Contracts with external billing vendors shall be processed and executed in accordance with delegated authority and University purchasing policies and procedures. They shall contain standard University-approved clauses, be subject to audit, and provide for monthly transmission of billings and receipt information to the University.
2. The accounting standards specified in the University of California Accounting Manual will be used in reporting income and expenses in all compensation arrangements.

B. Fund Accounts and Sources

1. A separate Medical School Fund Account shall be established for each Department or Unit participating in this Plan. These fund accounts will, as appropriate, receive income from the following sources:
 - a. Income received from professional services and other professional activity of Plan members;
 - b. Amounts paid by University hospitals or affiliated institutions for professional and managerial services rendered to the hospitals by participants in the Plan, excluding administrative stipends as described in Section IV.E., and;
 - c. Such other funds as are required by the Dean, Chancellor or President to be included in fund accounts.
2. Certain other sources of University income may be available to support faculty compensation and benefits but are not recorded in Compensation Plan fund accounts, such as:
 - a. Funds made available for academic salaries from University-administered grants and contracts;

- b. Funds made available from unrestricted, non-State accounts within the School, and;
- c. Gifts and other funds available for such purposes, as allocated by the Dean or Chancellor.

C. Contingency, in Event of Inadequacy of Departmental Practice Plan Fund Accounts

Each Department shall establish one or more reserve account(s) whose purpose is to provide the funds necessary to pay Plan expenses, including the agreed-upon compensation to each Plan participant, in the event that the current year income of the Plan is insufficient to do so. Department Bylaws shall specify whether such reserve account(s) will be established at the departmental or divisional level as appropriate. In the event of insufficient funds in a Departmental Practice Plan Fund Account to cover costs and pay all commitments for additional compensation, appropriate action shall be recommended by the Chair and approved by the Dean to return the Department Practice Plan Fund Account to a condition of solvency. Appropriate actions may include, but are not limited to, the following:

1. Use of appropriate reserves;
2. Use of other non-State funds within the department, and;
3. Renegotiation of individual salaries.

A reduction in Plan participants' additional compensation will be done in a uniform manner, across the Department, Division, or APU, as determined by the Dean and in accordance with any fund source restrictions.

D. Budgeting

Each Department will annually submit a budget of estimated revenues and expenditures to the Dean for approval. Detailed budget formats and instructions, including specific procedures for reimbursement for use of University facilities, will be developed by the Dean. Expenditures shall be budgeted for and funded in the following order of priority:

1. Costs incurred by the University for billing and collection of income from professional services, for use of University-owned and/or leased practice facilities, and for related professional operating activities.
2. To the extent that funds remain after expenditures for costs indicated in 1. above, the Compensation Plan may fund that portion of base salary associated with academic rank and step on the Fiscal Year Salary Scales, and must fund that portion of base salary beyond the Fiscal Year Scale equivalent, and related benefits, including any required contribution on behalf of UCRP covered compensation.

3. To the extent that funds remain after the foregoing expenditures, additional compensation may be paid to eligible participants in the Plan.
4. To the extent that funds remain after the foregoing expenditures, the Department may elect to fund benefits as provided in Sections V.B. above.
5. To the extent that funds remain after all the foregoing expenditures, the Department shall establish a Reserve for Contingencies, as recommended by the Chair and approved by the Dean.
6. When a Department Fund Account has accumulated a surplus beyond that required for expenditures and reserves as provided in all the above categories, the surplus shall be used as follows:
 - a. At least one-half for academic purposes in the department or division of origin (including, but not limited to, salaries for support personnel) as recommended by the Chair and approved by the Dean.
 - b. The remainder may be used for other purposes in the school or campus, as recommended by the Chair and approved by the Dean.

IX. IMPLEMENTATION AND ADMINISTRATION

Affected Plan participants shall be afforded the opportunity to review and comment on any proposed revisions to these Procedures. These Procedures will jointly be implemented, administered, and periodically reviewed for revision by the Chairs and the Dean. Necessary revisions will be submitted by the Dean to the Office of the President for approval after consultation with the Department Chairs and other appropriate academic committees and campus administrators.

The Dean's Office established an Advisory Committee on the Compensation Plan effective April 1, 2001. Guidelines for the current committee appear in Appendix B.

The implementation, administration and continued operation of this Plan shall be contingent on the understanding and assurance that it will not require the expenditure of more State-appropriated funds in the University budget than operation without the Plan would require.

X. MONITORING AND ENFORCEMENT

The monitoring of compliance with the Plan is the responsibility of the Department Chairs by review of information provided by the Plan member in annual reports on outside professional activities. Monitoring the compliance of Department Chairs will be the responsibility of the Dean. If the Department Chair has concerns about a Compensation Plan member meeting the established standards of the Plan, the matter

may be referred to the Dean. The University reserves the right to take corrective action and disciplinary measures against any Plan member who fails to comply with the School's Compensation Plan Implementing Procedures. Corrective action refers to the discontinuation of certain privileges available only to Plan members, in particular, the opportunity to earn and receive compensation above the specialized Health Sciences Salary Scale (X & X') through the Compensation Plan, because of non-compliance. Corrective action will not preclude sanctions or disciplinary measures in accordance with the Faculty Code of Conduct and Academic Senate Bylaws.

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 to 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.

Individuals 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.

APPENDIX B

UCLA David Geffen School of Medicine School of Medicine Compensation Plan Advisory Committee Guidelines

PURPOSE AND RESPONSIBILITIES

The Health Sciences Compensation Plan (APM - 670) requires that “a school specific Advisory Committee which includes Senate and non-Senate faculty members representative of the disciplines and faculty series participating in the Plan shall be established to assist the Dean in resolving the issues that may arise from implementing the Plan. The Committee assists in 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 or unit Implementing Procedures.”

The Committee’s functions shall also include advising the Dean on:

1. Development of the School Implementing Procedures, including the establishment of Good Standing Criteria, Academic Programmatic Unit (APU) assignments, and APU Scales.
2. Department Bylaws, including methods for obtaining faculty input and for determining consistency with School 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.
4. Review of faculty appeals regarding implementing and administering the Plan that are not resolved at the Department or School levels or are submitted to the Advisory Committee as a result of a determination of loss of Good Standing. Senate faculty members may pursue their grievance rights before the Privilege and Tenure Committee under Senate Bylaw 335. Non-Senate faculty are entitled to a Step III hearing under APM - 140.

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

MEMBERSHIP

Membership shall consist of eight voting Plan participants in good standing. No more than 50 percent of the voting members will be appointed by the Dean. The remaining members of the Advisory Committee are elected by Plan participants. All voting members of the Committee must have a faculty appointment. The School of Medicine Vice Dean for Faculty will serve as an ex officio member.

Plan members in the following four categories will be elected to represent their constituents as follows:

Basic Science (Biological Chemistry, Biomathematics, Human Genetics, Microbiology, Immunology and Molecular Genetics, Molecular and Medical Pharmacology, Neurobiology, Physiology) – One member as elected by a majority of the voting Plan participants in those departments.

Medical Specialties (Family Medicine, Medicine, Neurology, Pediatrics, Psychiatry and Biobehavioral Sciences) – One member as elected by a majority of the voting Plan participants in those departments.

Surgical Specialties (Head and Neck Surgery, Neurosurgery, Obstetrics and Gynecology, Ophthalmology, Orthopaedic Surgery, Surgery, Urology) – One member as elected by a majority of the voting Plan participants in those departments.

Hospital-based Specialties (Anesthesiology and Perioperative Medicine, Emergency Medicine, Pathology and Laboratory Medicine, Radiation Oncology, Radiological Sciences) – One member as elected by a majority of the voting Plan participants in those departments.

NOMINATION AND ELECTION PROCESS

Nominations will be solicited by the Faculty Executive Committee. Nominations will be accepted from the Dean, faculty, Departments and Executive Committee. If more than three nominations are received for any position, a preliminary vote will be taken of the respective group, and the three nominees receiving the most votes will be placed on the ballot. The election will be held in April with the term commencing on the following July.

TERM

Elected members will serve a staggered term of three years. In the initial year, the terms will be:

- Basic Science Departments – initial term through June 30, 2016; thereafter, three year term beginning July 1, 2016.
- Medical Specialties – initial term through June 30, 2016; thereafter, three year term beginning July 1, 2016.
- Surgical Specialties – initial term through June 30, 2015; thereafter, three year term beginning July 1, 2015.
- Hospital-based Specialties – initial term through June 30, 2015; thereafter, three year term beginning July 1, 2015.

If an elected member becomes ineligible (terminates membership in the Plan or becomes a member in non-compliance) or is unable to complete the elected term, an election will

be held to serve out the remaining portion of the member's term. All individuals elected, to the extent possible, will represent the broad and diverse interests of their constituents. An elected Plan member may serve no more than two consecutive terms.

COMMITTEE CHAIR

The School of Medicine Vice Dean for Faculty will serve as the Committee Chair.

Meetings, Voting Rights and Quorum Requirements

The Committee shall meet no less frequently than semi-annually. A quorum shall consist of four voting members of the Committee. No voting may occur with less than a quorum. All actions or recommendations shall have a majority vote of those in attendance. Voting by proxy shall not be permitted nor an alternate representative permitted to attend.