December 19, 2013

MEMORANDUM

TO: Dr. Raymond Greenberg  
   Executive Vice Chancellor for Health Affairs

FROM: Priscilla Lozano

SUBJECT: OGC# 151872 – UTMB – Faculty Compensation Plan FY 2014

I have reviewed the above-referenced faculty complementation plan, and, subject to the suggested edits, it has OGC approval.

PAL: hlb

xc: Carolanda Bremond (UTMB)

APPROVED: Raymond Greenberg, M.D., Ph.D.  
Executive Vice Chancellor  
For Health Affairs

12/20/13
THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON

SCHOOL OF HEALTH PROFESSIONS,
SCHOOL OF MEDICINE,
AND
SCHOOL OF NURSING

FACULTY COMPENSATION AND INCENTIVE PLAN
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I. INTRODUCTION, PURPOSE, AND OBJECTIVES

A. Introduction

The University of Texas Medical Branch at Galveston Faculty Compensation and Incentive Plan is established to maintain and enhance UTMB's missions of patient care, education, research and administrative service while rewarding Eligible Faculty Members for their contributions and performance. The Plan sets clear guidelines to promote accountability and align departmental, school, and institutional goals, while also providing Eligible Faculty Members a competitive compensation package that includes salary, retirement, rewards for performance, and other benefits.

B. Purpose

The purpose of the Plan is to set annual salaries for Eligible Faculty Members and to establish a mechanism for rewarding their outstanding performance. The Plan allows for salary increases in recognition of increased duties, accomplishments, and notable performance, as well as for salary reductions as a result of diminished duties, accomplishments, or performance.

The Plan does not constitute a contract or grant any rights beyond which any Participant is already entitled. UTMB retains the right to modify or cancel the Plan at any time.

C. Objectives

The Plan is intended to accomplish the following objectives:

- Be uncomplicated, understandable, and transparent;
- Provide adequate compensation to attract and retain outstanding faculty members;
- Ensure fairness and consistency among faculty members;
- Establish a robust framework to set compensation annually;
- Provide incentives to encourage and reward clinical, research, teaching, and administrative contributions;
- Provide both individual and group incentives to control expenses, improve quality, and strengthen the fiscal position of the departments, the schools and their respective practice plans, and the institution as a whole;
- Provide funds for support of the schools;
- Allow the schools to be responsive to changes in the market; and
- Identify gaps between current and targeted performance by mission.
II. DEFINITIONS

“Eligible Faculty Member” means a faculty member at the rank of Assistant Professor, Associate Professor, or Professor in the UTMB School of Health Professions, School of Medicine, and/or School of Nursing who has a total full time equivalent (“FTE”) of 0.5 or greater and who meets the applicable mission-specific FTE requirements set forth in the Eligibility and Mission Components and Faculty Performance Expectations (attached as Addendum 2, and incorporated by reference herein for all purposes).

“Faculty Compensation and Incentive Plan” or “Plan” is the approved UTMB plan for setting annual salaries for Eligible Faculty Members and establishing a mechanism for the award of incentive pay.

“Institutional Salary” means the aggregate total of a Participant’s Rank-Based Salary Component (A), Administrative Component (B^1) (if applicable), Specialty/Discipline – Specific Component/Annual Fixed (B^2), and Specialty/Discipline – Specific Component/Performance-Based (B^3).

“Participant” means an Eligible Faculty Member who meets the eligibility criteria specified herein and is designated on or before March 1st of the Plan Year for participation in the Plan by the Dean of the Eligible Faculty Member’s respective school, the Provost, and the Plan Administrator.

“Plan Administrator” means the President of UTMB, or Provost as designee of the President of UTMB, who shall be the administrator of the Plan and have the discretionary authority to make all determinations in response to questions arising in connection with the Plan, including its interpretation and the adoption of procedural rules. The Plan Administrator may employ and rely on such legal counsel, accountants, and agents as he or she may deem advisable to assist in the administration of the Plan. Decisions of the Plan Administrator shall be conclusive and binding on all persons, including, but not limited to, the reformation of individual, group, or institutional goals.

“Plan Year” means September 1 through August 31.

“Performance-Based Adjustment” or “PBA” means a reduction in a Participant’s salary upon failing to meet expectations as provided herein.

“Separation from Service” means a Participant’s termination of employment with UTMB.

“SHP” means the UTMB School of Health Professions.

“SOM” means the UTMB School of Medicine.
“SON” means the UTMB School of Nursing.

“Total Faculty Compensation” means the aggregate total of an Eligible Faculty Member’s Institutional Salary and Incentive Compensation (Performance-Based).

“UTMB” means The University of Texas Medical Branch at Galveston.

III. ELIGIBILITY AND DESIGNATION AS A PARTICIPANT

Faculty members who meet the following criteria may be designated as Participants in the Plan by the Dean of their respective school, the Provost, and the Plan Administrator:

1. Hold the rank of Assistant Professor, Associate Professor or Professor in the SHP, SOM, and/or SON;
2. Have a total FTE of 0.5 or greater; and

IV. OVERVIEW OF COMPENSATION STRUCTURE

Total Faculty Compensation is comprised of five possible components:

A: Rank-Based Salary Component (Fixed)
B^1: Administrative Component (If applicable)
B^2: Specialty/Discipline-Specific Component (Annual Fixed)
B^3: Specialty/Discipline-Specific Component (Performance-Based)
C: Incentive Compensation (Performance-Based)

Institutional Salary (A + B^1 + B^2 + B^3)

Components A, B^1, B^2, and B^3 together constitute a Participant’s Institutional Salary, and will be set forth in the written, annual Memorandum of Appointment (“MOA”) approved by the Dean of the Participant’s respective school, the Provost, and the Plan Administrator. See Addendum 1 for MOA templates, attached and incorporated by reference herein for all purposes.

Components A, B^1, and B^2 of a Participant’s Institutional Salary are set in the MOA for the Plan Year specified and are not subject to performance-based adjustment pursuant to this Plan. Component B^3 is subject to semi-annual performance-based adjustments pursuant to this Plan based on the Participant’s productivity and performance.

For grant proposals to external agencies, Participants’ salaries will be based on their Institutional Salary (A + B^1 + B^2 + B^3). For example, each Participant’s Institutional
Salary will serve as the basis for calculation of the “direct salary” included on National Institutes of Health (“NIH”) grant or cooperative agreement proposals or applications.

**Rank-Based Salary Component (A)**

Each Participant’s rank-based salary component will be determined annually as follows:

\[ A = (\text{FTE}) \times (\text{Base Salary}) \]

Base salaries are determined according to rank as follows (for full-time faculty members):

<table>
<thead>
<tr>
<th>Rank</th>
<th>Base Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professor</td>
<td>$67,000</td>
</tr>
<tr>
<td>Associate Professor</td>
<td>$51,000</td>
</tr>
<tr>
<td>Assistant Professor</td>
<td>$40,000</td>
</tr>
</tbody>
</table>

To the extent necessary, the base salary values listed above may be reviewed and assessed on an ongoing basis by the Plan Administrator and/or designee(s).

**Administrative Component (B3)**

For Participants with administrative responsibilities, any compensation for administrative duties is considered part of their Institutional Salary, but the administrative appointment and the associated compensation for that responsibility is without term and is subject to termination at the pleasure of the President and/or Provost. Consequently, upon review and approval by the President and/or the Provost, he or she may terminate a Participant’s administrative appointment with or without notice. Additionally, in the event a Participant’s administrative appointment is terminated, a Participant’s associated compensation for those specified administrative duties will be terminated or the Participant’s job responsibilities will be reallocated and compensation adjusted to reflect such reallocation upon review and approval by the President and/or the Provost. Administrative responsibilities will be reviewed on an annual basis by the Provost and effort will be allocated dependent upon the job title and/or responsibilities.

**Specialty/Discipline-Specific Component/Annual Fixed (B3)**

Each Participant’s Specialty/Discipline-Specific Component (B3) will be based upon market value by subspecialty or discipline and the Participant’s individual contributions to both their department’s and school’s missions as demonstrated by performance evaluations. National survey data will be used to establish benchmarks for market value.

Each Participant’s respective Department Chair will submit to the Plan Administrator or his/her designee(s) annually a proposed amount for this salary component in accordance with the department’s fiscal circumstances. This component will be reviewed and
approved on an annual basis prior to the next Plan Year for each Participant by the Dean of their respective school and the Provost.

**Specialty/Discipline-Specific Component/Performance-Based (B3)**

B³ is calculated as a percentage of a Participant’s final Institutional Salary from the preceding Plan Year, including any performance-based adjustments made to be effective for the start of the new Plan Year. The percentage used is determined by the President and/or Provost annually, and the following percentages have been determined for Plan Years 2014, 2015, 2016 and subsequent Plan Years: up to 10% in Plan Year 2014; up to 17.5% in Plan Year 2015; and up to 25% in Plan Year 2016 and all subsequent Plan Years.

Each Participant will be provided a Faculty Effort and Expectation Agreement ("FEEA"), in the form of the template attached and incorporated by reference for all purposes as Addendum 4, detailing the Participant’s individual productivity and performance expectations. The FEEA must be signed before the start of the Plan Year to which it applies or, in the case of an Eligible Faculty Member who meets the eligibility criteria within a Plan Year, before designation for participation in the Plan. Each Participant’s FEEA will also set benchmarks that will be used to determine Plan calculations.

Each Participant’s Specialty/Discipline-Specific Component (B³) may be adjusted downward semi-annually if the Participant does not meet their individual productivity and performance expectations as set forth in the Participant’s FEEA. Specifically, if a Participant’s performance falls below the specified productivity and performance expectations set forth in the Participant’s FEEA, the Participant’s Institutional Salary will be reduced for the Participant’s subsequent six (6) month payment period.

Performance relative to these expectations will be measured across all missions centrally. Gaps between current and targeted performance by mission may be addressed by reassigning a Participant’s effort toward more productive missions (e.g., additional clinical activities, increased compensated teaching assignments, team-based research efforts, etc.). When possible, this reassignment will occur before the beginning of each Plan Year.

**Incentive Compensation (C)**

Participants may be eligible for additional compensation in the form of incentive payments if a Participant’s performance exceeds his or her specified productivity and performance expectations as set forth in his or her respective FEEA. This component will be adjusted quarterly for clinical achievements and semi-annually for research or education performance. Incentive compensation will be paid by UTMB to Participants no later than November 15th after the end of the applicable Plan Year.

Total incentive compensation received by a Participant during a Plan Year may not exceed 70% of the Participant’s Institutional Salary for the then current Plan Year.
Participants who fail to meet expectations during a Plan Year will not be eligible to receive department/group or institutional components of incentive compensation.

Further, incentive compensation is subject to the review and approval by the Participant’s Department Chair and/or Dean of the Participant’s respective school. If a Participant’s institutional citizenship is deemed unsatisfactory by the Participant’s Department Chair and/or Dean of the Participant’s respective school, incentive compensation may be withheld at the discretion of the Provost. Institutional citizenship includes, but is not limited to, compliance with required training, adherence to UTMB’s Standards of Conduct Guide, timely completion of all required compliance trainings, patient billing and documentation, and accreditation requirements, adherence to operations and management efficiency, productive participation in UTMB/School/Department quality initiatives, committees, outcomes and efforts, support of UTMB/School strategic priorities, explicit participation of schools in state education programs, and appropriate recordkeeping.

Incentive Compensation is intended to adhere to the following guidelines:

- Reflects performance at the individual, department/group, and institutional level that exceeds expectations.
- Incentives will be funded and budgeted centrally to help ensure availability of funds.
- Individual performance relative to incentive criteria and overall goals will be governed centrally to ensure fairness and consistency with input and approval by the Dean of the Participant’s respective school and the Provost.

Incentive Payment Options:

- **Clinical Incentive Payments:** Participants earning incentive based on exceeding expectations related to their assigned clinical effort are eligible to be paid on a quarterly basis as specified in the Plan. Clinical Incentive Payments are considered creditable compensation for purposes of retirement contributions to the Teacher Retirement System of Texas or the Optional Retirement Program. Participants who work a portion of a period will be eligible for partial payment.

- **Research Incentive Payments:** Participants earning incentive based on exceeding expectations related to their assigned research effort are eligible to be paid on a semiannual basis as specified in the Plan. Research Incentive Payments are considered creditable compensation for purposes of retirement contributions to the Teacher Retirement System of Texas or the Optional Retirement Program. Participants who work a portion of a period will be eligible for partial payment.

- **Educational Incentive Payments:** Participants earning incentive based on exceeding expectations related to their assigned teaching effort are eligible to be paid on a semiannual basis as specified in the Plan. Educational Incentive Payments are considered creditable compensation for purposes of retirement
contributions to the Teacher Retirement System of Texas or the Optional Retirement Program. Participants who work a portion of a period will be eligible for partial payment.

- **Group Incentive Payments:** Participants are eligible to be paid on an annual basis as specified in the Plan. Group Incentive Payments are considered creditable compensation for purposes of retirement contributions to the Teacher Retirement System of Texas or the Optional Retirement Program. Participants who work a portion of a period will be eligible for partial payment.

- **Institutional Incentive Payments:** Participants are eligible to be paid on an annual basis as specified in the Plan. Institutional Incentive Payments are considered creditable compensation for purposes of retirement contributions to the Teacher Retirement System of Texas or the Optional Retirement Program. Participants who work a portion of a period will be eligible for partial payment.

- **Supplemental Retirement Payments:** Participants are eligible to be paid on a quarterly, semi-annual, or annual basis as specified in the Plan. Supplemental Retirement Payments are not considered creditable compensation for purposes of retirement contributions to the Teacher Retirement System of Texas or the Optional Retirement Program. Participants who work a portion of an SRP period will not be eligible for partial payment.

Incentive compensation payments are subject to all applicable salary deductions (e.g., FICA, federal taxes) and must be reported to the IRS as salary and wages. Depending on the date of a Participant's hire, state and/or federal law may also impose a cap on the amount of salary and wages that can be counted as creditable compensation for calculating retirement benefits. Incentive compensation payments are considered compensation for purposes of Participant contributions to the UTSaver Deferred Compensation Plan (DCP) and the UTSaver Tax-Sheltered Annuity (TSA) Program.

To receive incentive compensation, Participants must have served at least six months of active employment (actual time worked) during the Plan Year and be on the UTMB payroll as an active employee on the date incentive compensation payment is made. These requirements are subject to the following exceptions:

a) **Leave of Absence**
Participants who take a leave of absence during the Plan Year must serve at least a combined three months of active employment (actual time worked) during the Plan Year to remain eligible to receive a prorated payment of incentive compensation.

b) **Death**
If a Participant dies during the Plan Year or before receipt of payment of incentive compensation, a prorated payment of incentive compensation will be paid to the
Participant’s estate, provided the Participant served at least three months of active employment (actual time worked) during the Plan Year.

c) **Retirement**
Participants who retire during the Plan Year or before payment of incentive compensation must serve at least three months of active employment (actual time worked) during the Plan Year prior to retiring to remain eligible to receive a prorated payment of incentive compensation.

d) **Participation after a Separation from Service**
A Participant who experiences a Separation from Service but is subsequently rehired in the same Plan Year must serve at least a combined three months of active employment (actual time worked) during the same Plan Year to remain eligible to receive a prorated payment of incentive compensation.

g) **Formal Corrective Action**
A Participant under formal corrective action (including, but not limited to, letters of reprimand, letters of concern, and suspension) during the Plan Year will remain eligible to receive payment of incentive compensation only if documented improvement occurs prior to the end of the Plan Year. A Participant with an overall performance evaluation rating of “Does Not Meet” for the Plan Year will not be eligible to receive incentive compensation.

V. **FUNDING SOURCES**

All funds available to compensate Participants are derived from several sources, including, but not limited to, the following:

- President’s Office
- School of Medicine
- Hospital
- Other UTMB Schools
- State Appropriations
- Sealy/Smith Foundation
- Affiliated agency support
- Grant and contract support
- Professional and/or medical legal consultation
- Professional fees including fees generated for patient care services
- Endowment Operating Funds
- Philanthropy
VI. REVIEW AND APPROVAL

All Participants must adhere to the guidelines in this Plan. The Plan Administrator, or Provost acting as designee of the Plan Administrator, has the authority to grant exceptions.

VII. FACULTY POLICIES AND PROCEDURES

The following UTMB Institutional Handbook of Operating Procedures (IHOP) faculty policies provide additional guidance regarding the application of the Plan:

A. IHOP Policy 5.5.7 Faculty Compensation Committee

The Faculty Compensation Committee was chartered to implement UTMB’s commitment to a fair compensation process that reflects industry trends as well as the individual merits of its faculty members. Specifically, UTMB’s Faculty Compensation Committee reviews and advises the Council of Deans regarding compensation policy and programs for faculty.

B. IHOP Policy Faculty Grievance Policy

This policy outlines the procedure for resolving faculty grievances that have not been resolved through reasoned discussion.

More information may be found in both of these policies in the UTMB IHOP.

VIII. TERMINATION OF THE PLAN

The Plan Administrator reserves the right to alter, enhance, or terminate the Plan at any time. In the event the Plan is terminated, no further obligations or benefits under the Plan shall continue to accrue or exist. However, any obligations accrued as of the date of termination shall be paid as scheduled, subject to the payment requirements of the Plan.
UTMB has adopted this Plan and caused it to be executed on the date below, to become effective as of [ENTER DATE], regardless of the date of execution.

Approved by: Danny O. Jacobs, MD, MPH, FACS
Executive Vice President and Provost
Dean, School of Medicine
Thomas N. & Gleaves T. James Distinguished Chair

Approved by: David L. Callender, MD, MBA, FACS
President
Addendum 1:
MOA Templates
HEALTH AFFAIRS – UTMB SCHOOL OF X (MEDICINE, NURSING, OR HEALTH PROFESSIONS)
FACULTY MEMORANDUM OF APPOINTMENT (MOA)
2013-2014 PLAN YEAR

Name: 

The Board of Regents of The University of Texas System has authorized your appointment to the following position(s) at The University of Texas Medical Branch at Galveston:

<table>
<thead>
<tr>
<th>Academic Title</th>
<th>Tenure Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department</td>
<td>Period of Appointment</td>
</tr>
</tbody>
</table>

COMPENSATION (ANNUALIZED)

A: Rank-Based Salary Component (Fixed) $ 
B¹: Administrative Component (If applicable) $ 
B²: Specialty/Discipline-Specific Component (Fixed) $ 
B³: Specialty/Discipline-Specific Component (Performance-Based) $ 
Institutional Salary (Annualized) $ 
C: Estimated Incentive Compensation (Performance-Based) Not Guaranteed $ 
Estimated Total Faculty Compensation (Annualized) $ 

<Footnote here>

This appointment is subject to the rules, regulations, and policies of the Board of Regents of The University of Texas System, UTMB, and all other applicable state and federal laws and regulations.
Your Total Faculty Compensation is comprised of your Institutional Salary and possible Incentive Compensation. The estimated Total Faculty Compensation listed herein is the gross amount for this fiscal year only, and is subject to deductions required by state and federal law and, if permitted by law, other deductions that you may authorize.

Please note your Institutional Salary may be adjusted semi-annually as provided in the UTMB Faculty Compensation and Incentive Plan (the “Plan”), which is available upon request.

Institutional Salary does not include any incentive compensation to which you may be eligible. The estimated incentive compensation amount listed above is not guaranteed. Incentive payments may be made based on your performance, subject to the terms and conditions of the Plan.

Total Faculty Compensation may be increased or decreased in subsequent budget periods. The obligation for payment of any portion of your compensation as determined by the Faculty Compensation Plan that is payable from contracts, grants, gifts, bequests, endowments, the practice plan, or other funding sources is dependent upon receipt of those funds. You also will receive such employee benefits as may be authorized by applicable laws and, for faculty in the SOM, by the practice plan bylaws.

This appointment will terminate without prior notice at the end of the stated period of appointment. Appointment for an additional period is at the discretion of UTMB and in accordance with Regents' Rules no non-tenured faculty member shall expect continued employment beyond the period of his current appointment.

Please indicate your acceptance of this appointment by signing and dating this MOA in the space indicated below and return it as soon as possible (a specific office/contact and/or date may be entered in based on department preference). You will be provided with a revised MOA if there is a change in your appointment status and/or Institutional Salary during this fiscal year.

________________________________________
Chair of Department*

________________________________________
Dean

________________________________________
Executive Vice President and Provost

________________________________________
President

I accept this appointment __________________________
Date: __________________________

* If the administrative unit does not have a Chair, substitute the title of the head of the unit.
HEALTH AFFAIRS – UTMB SCHOOL OF X (MEDICINE, NURSING, OR HEALTH PROFESSIONS)
FACULTY MEMORANDUM OF APPOINTMENT (MOA)
ADMINISTRATIVE AND ACADEMIC APPOINTMENT
2013-2014 PLAN YEAR

Name: ____________________________ Date: ____________________________

The Board of Regents of The University of Texas System has authorized your appointment to the following position(s) at The University of Texas Medical Branch at Galveston:

<table>
<thead>
<tr>
<th>Administrative Title</th>
<th>Percent Time</th>
<th>Budget Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Title</td>
<td>Percent Time</td>
<td>Tenure Status</td>
</tr>
<tr>
<td>Department</td>
<td>Period of Appointment</td>
<td>Budget Period</td>
</tr>
</tbody>
</table>

COMPENSATION (ANNUALIZED)

<table>
<thead>
<tr>
<th>Component</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>A: Rank-Based Salary Component (Fixed)</td>
<td>$</td>
</tr>
<tr>
<td>B¹: Administrative Component (If applicable)</td>
<td>$</td>
</tr>
<tr>
<td>B²: Specialty/Discipline-Specific Component (Fixed)</td>
<td>$</td>
</tr>
<tr>
<td>B³: Specialty/Discipline-Specific Component (Performance-Based)</td>
<td>$</td>
</tr>
<tr>
<td>Institutional Salary (Annualized)</td>
<td>$</td>
</tr>
<tr>
<td>C: Estimated Incentive Compensation (Performance-Based)</td>
<td>$</td>
</tr>
<tr>
<td>Not Guaranteed</td>
<td></td>
</tr>
<tr>
<td>Estimated Total Faculty Compensation (Annualized)</td>
<td>$</td>
</tr>
</tbody>
</table>

<Footnote here>

This appointment is subject to the provisions of the Rules and Regulations of the Board of Regents of The University of Texas System, Regental and U.T. System policies, the rules and regulations of the University, and applicable state and federal laws and regulations.
Your Total Faculty Compensation is comprised of your Institutional Salary and possible Incentive Compensation. The estimated Total Faculty Compensation listed herein is the gross amount for this fiscal year only, and is subject to deductions required by state and federal law and, if permitted by law, other deductions that you may authorize.

Please note your Institutional Salary may be adjusted semi-annually as provided in the UTMB Faculty Compensation and Incentive Plan (the "Plan"), which is available upon request.

**Institutional Salary does not include any incentive compensation to which you may be eligible.** The estimated incentive compensation amount listed above is not guaranteed. Incentive payments may be made based on your performance, subject to the terms and conditions of the Plan.

Total Faculty Compensation may be increased or decreased in subsequent budget periods. The obligation for payment of any portion of your compensation as determined by the Faculty Compensation Plan that is payable from contracts, grants, gifts, bequests, endowments, the practice plan, or other funding sources is dependent upon receipt of those funds. You also will receive such employee benefits as may be authorized by applicable laws and, for faculty in the SOM, by the practice plan bylaws.

Your administrative appointment is without term and is subject to termination at the pleasure of the President and/or the Provost. Consequently, upon review and approval by the President and/or the Provost, s/he may terminate your administrative appointment with or without notice. Additionally, in the event your administrative appointment is terminated, your associated compensation for those specified administrative duties will be terminated or your job responsibilities will be reallocated and your compensation adjusted to reflect such reallocation upon review and approval by the President and/or the Provost.

Your academic appointment will terminate without prior notice at the end of the stated period of appointment. Appointment for an additional period is at the discretion of the University. *(This paragraph only applies to faculty on non-tenure track)*

Please indicate acceptance of this appointment by signing and dating this Memorandum in the space indicated below and return it as soon as possible *(a specific office/contact and/or date may be entered in based on department preference)*. A revised Memorandum will be sent if there is a change in your appointment status and/or Institutional Salary during the indicated budget period.

Chair of Department*

Dean
Executive Vice President and Provost

President

I accept this appointment

Date: ____________________

* If the administrative unit does not have a Chair, substitute the title of the head of the unit.
Addendum 2:
Eligibility and Mission Components and Performance Expectations
Eligibility and Mission Components

- Faculty members will have a total FTE of 0.5 or higher to be eligible ("benefit eligible") to participate. Within each mission area, you must typically be 50% clinical effort, 50% research effort and/or 20% education effort to be eligible. Some faculty members may have significant administrative efforts (e.g., medical directorships, other hospital duties, Vice-Chair appointments, etc.). These will have to be assessed and validated as regards level of commitment.
- Plan participation includes faculty at the rank of Assistant Professor, Associate Professor, and Professor.
- Administrative effort up to 10% for clinical, research and education for all faculty members unless serving in a funded administrative position formally approved by the Dean of the respective School.
- Research salary support assessment begins after last year of ramp-up time (12-month rolling average calculation with potential for extended period based on scored, but not funded grant submission).

<table>
<thead>
<tr>
<th>Mission Area</th>
<th>Eligibility per Mission Requirements</th>
<th>New Faculty Ramp-Up Time</th>
<th>Timing of Incentive Payment or Performance Based Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clinical</td>
<td>- Typically must be 50% Clinical Effort&lt;br&gt;- All faculty members are eligible&lt;br&gt;- Goal for institutional average at median benchmark or higher</td>
<td>2-4 years based on specialty</td>
<td>Quarterly (Incentive)&lt;br&gt;Semi-Annually (PBA)</td>
</tr>
<tr>
<td>Research</td>
<td>- Typically must be 50% Research Effort&lt;br&gt;- Only faculty who are tenured or on tenure-track</td>
<td>Typically 1-3 years</td>
<td>Semi-Annually</td>
</tr>
<tr>
<td>Education</td>
<td>- Must be 20% Education Effort&lt;br&gt;- All faculty members are eligible&lt;br&gt;- Incentive payments only available to those who exceed assigned duties&lt;br&gt;- For duties considered mission critical and not covered by other areas</td>
<td>None</td>
<td>Semi-Annually</td>
</tr>
<tr>
<td>Administration</td>
<td>- Metrics, time allocation and expectations for position established by Chair/Area Director and approved by Dean or Provost&lt;br&gt;- Can be part of Group Incentive components</td>
<td>N/A</td>
<td>Annually</td>
</tr>
</tbody>
</table>

Note:
Ramp-up time is the period of time agreed upon by the Chair and Plan Administrator, outlined in the Offer Letter and FEEA, during which a faculty member is protected from receiving any performance-based adjustments.
Addendum 3:
Incentive Structure
Participants may receive incentive payments as follows:

**Individual Component**

- Clinical faculty members may be paid a graduated percentage of their collections per wRVU or ASA unit after exceeding the specified wRVU/ASA unit goals set forth in the Participant’s Faculty Effort and Expectations Agreement (i.e., median of selected benchmark and specialty in Year 1);
- Research faculty members may be paid a graduated amount based on their extramural salary support received beyond any pre-established goals set forth in the Participant’s Faculty Effort and Expectations Agreement (i.e., 50% of research salary in Year 1); and
- Education faculty members may receive incentive payments for assuming more teaching duties as measured by educational credit and/or set forth in the Participant’s Faculty Effort and Expectations Agreement (i.e., contact hours, course credit, FTE, etc.).

**Department/Group Component(s) (paid annually)**

- Department/program-wide incentive compensation may be paid if a Participant’s department or program achieves goals as measured by associated metrics and set by Participant’s Department Chair and approved by the Dean of the Participant’s respective school.
- All Participants exceeding expectations will be eligible for group component. However, Participants receiving a performance-based reduction are not eligible for group incentive payments.

**Institutional Component(s) (paid annually)**

- Institution-wide incentive compensation may be paid if UTMB Health System achieves its annual operating margin plus coverage for capital expenditures (split 50%).
Addendum 4:
Faculty Effort and Expectations Agreement ("FEEA")
Faculty Effort and Expectation Agreement

Description:
This form serves as a formal agreement between a Faculty Member and their Chair related to the Faculty Member's distribution of effort by mission at UTMB. This effort allocation will be used to benchmark and measure the faculty's performance compared to respective expectations and serve as the basis for the faculty compensation plan calculations. The effort distribution can be updated quarterly with the approval of the Faculty Member and Chair. Listed below are the elements that make up a Faculty Member's effort and expectation.

Time Period: March 1, 2014 - August 31, 2014

<table>
<thead>
<tr>
<th>Demographic Information</th>
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</thead>
<tbody>
<tr>
<td>Employee ID</td>
</tr>
<tr>
<td>Name</td>
</tr>
<tr>
<td>FY13 Institutional Salary:</td>
</tr>
<tr>
<td>FTE</td>
</tr>
<tr>
<td>Rank / Department</td>
</tr>
<tr>
<td>Benchmark Survey / Specialty</td>
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<tr>
<td>$/wRVU</td>
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</tbody>
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Mission Effort:
- Clinical w-RVU generating\(^1\): 60%
- Clinical non-w-RVU generating\(^2\): 0%
- Research\(^2\): 0%
- Education\(^4\): 10%
- Admin/ Academic\(^5\): 30%
- Total: 100%

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<table>
<thead>
<tr>
<th>Faculty Expectations</th>
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<tbody>
<tr>
<td>Key Elements</td>
</tr>
<tr>
<td>Clinical</td>
</tr>
<tr>
<td>Benchmark wRVU - Median</td>
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<tr>
<td>Expected wRVUs</td>
</tr>
<tr>
<td>Research</td>
</tr>
<tr>
<td>Research Salary - Adj, NIH Cap(^6)</td>
</tr>
<tr>
<td>Expected Salary Support (50%)</td>
</tr>
<tr>
<td>Education</td>
</tr>
<tr>
<td>Expected Teaching FTE</td>
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<tr>
<td>Administration/ Academic</td>
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<td>Role</td>
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</table>

\(^1\) Activities specifically organized for patient care. The percent of effort spent providing billable patient care services (generating wRVUS), performing tasks such as EPIC documentation, returning patient phone calls, directing or coordinating care.

\(^2\) Activities specifically organized for patient care that does not directly generate wRVUS (i.e. contract patient care, Shriners Hospital activities).

\(^3\) Activities specifically organized to produce research outcomes such as grants related activities, literature review, manuscripts, and data review/lab committee.

\(^4\) Activities which include interaction with students or fellows related to instruction, preparation for such instruction, and evaluation of student performance.

\(^5\) Activities that apply to all faculty such as compliance training, attendance at departmental and/or institutional meetings. Also, includes formal approved appointments such as Medical Director, Division Chief etc.

\(^6\) Research salary is equal to research effort multiplied by total salary, and adjusted (when applicable) for the NIH Salary cap.

Approval:

**Faculty Signature:** ___________________________  **Chair Signature:** ___________________________

**Date:** _______________  **Date:** _______________