

Perelman School of Medicine at the University of Pennsylvania  
Policy & Procedure Manual  
Faculty Compensation Approval and Authority

ADMINISTRATION

*Policy Number: FA-FacComp-001*

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## Faculty Compensation Approval and Authority

### I. PURPOSE

To establish principles and guidelines for setting compensation for the Perelman School of Medicine (PSOM) faculty. Setting and documenting faculty compensation appropriately is critical for recruitment and retention of faculty as well as for financial and legal reasons.

### II. POLICY

The Dean of the Perelman School of Medicine is responsible for establishing guidelines for the setting of salaries for faculty with primary appointments within the School. The Dean authorizes Department Chairs to make specific decisions related to faculty compensation for their home departments within those established guidelines and in accordance with Handbook for Faculty and Academic Administrators, section II.G.4 (“Responsibilities of Department Chairs”).

The setting of each faculty member’s compensation must be guided by principles appropriate to that faculty member’s responsibilities in keeping with Penn Medicine’s missions of education, research, and patient care. Such principles should be generally applicable, while allowing for departmental discretion given the differences among medical and scientific disciplines, including but not limited to differences in the delivery of clinical services, even within a given specialty.

This policy is applicable to PSOM full-time faculty (in the tenure, clinician-educator, academic clinician, and research tracks) and part-time academic clinicians. This policy does not apply to other associated faculty or staff (Penn Medicine) clinicians (with or without secondary academic appointments to the Clinical Track of the Associated Faculty), academic support staff, postdoctoral fellows, students, or other regular staff members.

#### Components of Salary:

##### Standing Faculty (Tenure and Clinician Educator tracks):

Each faculty member’s total base salary should consist of at least two components: (i) academic base and non-guaranteed salary (base salary supplement, sometimes referred to as “CPUP supplement” or “CPUP salary”).

Every faculty member’s academic base will be set as the minimum salary for the rank, as defined

annually by the University and the PSOM. All other base salary shall be designated as non-guaranteed salary (i.e. supplemental), except for any other separate component not guaranteed year to year, e.g. an administrative stipend.

(Note: The definition of academic base used herein shall not alter, supplement, or inform the interpretation of any benefit policy or plan which shall be controlled by its terms.) Additionally, this policy does not affect the calculation of institutional base salary for the purposes of grant awards or effort reporting.)

Once a faculty's academic base is established according to these guidelines, all future increases to that faculty member's salary (other than adjustments to the minimum academic base for the rank) will be added to non-guaranteed salary. Non-guaranteed salary may be adjusted year to year consistent with the terms of any departmental compensation plan or based on the faculty member's performance, including but not limited to teaching, research, administrative and clinical activities.

### Non-Standing Full-time (Academic Clinician, Academic Clinician Part-time and Research) Faculty:

Faculty members in the research and academic-clinician tracks are not covered by section II.E.11 of the Faculty Handbook. As such, their salaries may change from year to year, unless otherwise fixed by contract. The total base salaries of faculty in these tracks should include a base salary designated "faculty salary" – set at minimum for rank – and a base salary supplement. Total salary may be adjusted upward and downward, but the total salary may not be less than the relevant minimum for the rank (except in the case of part-time academic clinicians).

Other potential components of faculty compensation:

Administrative Stipend – payable for and during a period of service only.

Incentives – paid in accordance with the terms of the applicable departmental compensation plan, if any (see section on departmental compensation plans below).

Bonuses – generally one time payments in recognition of special accomplishments outside of a compensation plan. Bonuses offered or paid for hiring or retention should be reviewed with the Office of the Dean.

### Departmental Compensation Plans:

Each academic department should develop and manage a compensation plan for its faculty. Clinical departments must maintain a departmental plan consistent the guidelines of the Clinical Practices of the University of Pennsylvania. Departments are encouraged to consider the following guidance when developing their faculty compensation plan:

- A. Measurable baseline expectations should be established for aspects of each faculty member's responsibilities – including teaching, research, clinical, administration, and other distinct contributions.
- B. The plan should address the conditions under which a faculty member's salary may be increased or decreased. Performance measures should be objective and quantitative, monitored on a yearly basis, and communicated or made available to the faculty in writing.
- C. A faculty member's salary, and any incentive eligibility, should be commensurate with effort. Part-time faculty members should receive a salary and incentive, if eligible, in proportion to FTE status (but see Part-Time Faculty Salary Adjustments below in this policy).

- D. The plan should reward activity supporting the research, teaching, administrative, service, and, where applicable, clinical goals of the department and the Perelman School of Medicine.
- E. The overall plan must operate within the confines of the Perelman School of Medicine budget and each department's plan should operate within the department's budget.
- F. The plan must be both externally and internally equitable; i.e. it should provide market-competitive compensation within the relevant academic discipline(s) and maintain internal equity within the department with variations according to documented performance, although faculty on different tracks within the department may have different criteria and goals.

Each department's compensation plan must be approved by a representative of the Office of the Dean and the CPUP Compensation Committee (if applicable).

### Setting and Changing Salaries

For new hires, initial salary is set as part of the recruitment process and approved at that time. For new hires on the tenure and clinician-educator tracks, the academic base will be the minimum for the rank as of the date of employment.

For each subsequent year, each faculty member should receive an annual compensation statement confirming salary for the fiscal year. These statements should outline the different components of total salary including academic base, base salary supplement, and as appropriate incentive, bonus, and administrative stipends.

Each department's compensation plan should address the circumstances under which a faculty member's salary may be increased or decreased, including with reference to performance (productivity and support, teaching, service, etc.). It is the responsibility of the department chair to communicate and apply the rules enumerated in the department's compensation plan in a fair and consistent manner. The department chair and/or division chief should meet with each faculty member at least once each year to review performance. Based on this evaluation, the chair should propose whether a salary change is warranted and, if so, to what extent.

Base salary (including supplemental salary) should not be changed during a fiscal year specifically due to loss or award of a grant, although the loss or award of grants in general may be factors in the annual performance review for an individual's salary for a subsequent year.

### Salary Increases

Faculty are eligible to receive a merit-based salary increase in accordance with the annual guidelines provided by the PSOM each year. Proposed salary increases that exceed the range guidelines as defined by the Provost's Office in any given year must be accompanied by written justification and approved by Office of the Dean.

An increase is a generally accepted practice upon promotion to the next rank, although the percentage increase may vary due to internal or external salary equity considerations. Salary changes are best reviewed as part of the annual process. In exceptional circumstances, departments may also request ad-hoc salary increases for individuals or salary equity reviews for the department mid-year. These requests must be approved by the Office of the Dean before implementation.

### Salary Decreases

Where a standing faculty member has demonstrated a consistent pattern of failing to meet departmental expectations, including but not limited to failure to generate clinical practice income or external funding sufficient to justify total salary, the department chair may recommend that the base salary supplement be reduced to that which can be justified by clinical practice income, research performance, or teaching contributions. If the chair determines that a faculty member's salary should be reduced, this recommendation should be reviewed with the Office of the Dean.

Additional annual reductions of total base salary may be made at the beginning of each subsequent fiscal year, until the total base salary is reduced to the academic Base salary. If the faculty member achieves an adequate level of productivity, these reductions may be reversed.

A determination that a faculty member's salary shall be reduced, once communicated by the department chair to the faculty member, may be appealed by the faculty member to the Office of the Dean. The faculty member must initiate the appeal within 30 days of the communication by submitting a written statement explaining the basis for the faculty member's view that no reduction (or a smaller reduction) is warranted under the circumstances, with reference made to past, current, and/or expected clinical practice income or external funding relevant to the determination.

### III. WHO SHOULD KNOW THIS POLICY?

Department Chairs and Directors of Centers and Institutes  
Department, Center, and Institute Business Administrators  
Perelman School of Medicine Faculty  
Dean's Staff  
Health System Administrators

### IV. CONTACTS

Dean, Perelman School of Medicine  
Vice Dean, Administration and Finance, Perelman School of Medicine  
**Senior Vice Dean for Academic Affairs, Perelman School of Medicine**