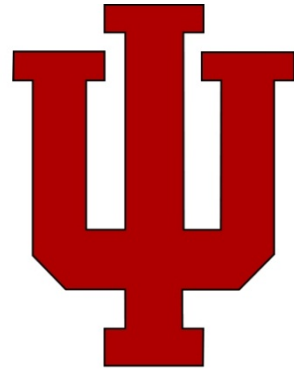


COMPENSATION PLANS:

Dr. Michael Sturek
Professor and Chair



INDIANA UNIVERSITY

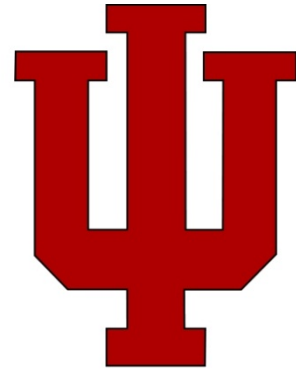
DEPARTMENT OF CELLULAR
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COMPENSATION PLANS: A TALE OF TWO FACULTY

Dr. Michael Sturek
Professor and Chair



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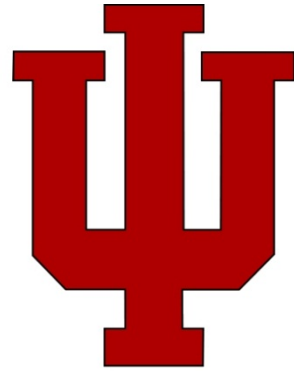
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COMPENSATION PLANS: A TALE OF TWO FACULTY

“It was the best of times, it was the worst of times ...”

Dr. Michael Sturek

Professor and Chair



**Charles Dickens,
A Tale of Two Cities**

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COMPENSATION PLANS

1. Goals
2. Performance expectations?
3. Salary plans?
4. Principles
5. Design
6. Implementation – tale of two faculty
 - Incentive – Yes, yes, yes!*
 - Disincentive
- ~~7. Faculty effort~~
8. Magic formula?

GOALS

1. Provide incentive for excellence –
“incentive-based”
2. Provide fiscally responsible compensation to faculty based on performance.
3. Provide long-term financial security for faculty.

In U.S. 40% of schools of medicine provide no financial guarantee associated with tenure.

Bunton, S.C. AAMC Analysis in Brief. April 2010

https://www.aamc.org/download/125190/data/aibvol9_no6.pdf

State supported?

State “assisted”, <10% budget from state

PERFORMANCE EXPECTATIONS

1. Assistant Professor, research-intensive?
2. Associate or Full Professor, research-intensive?

SALARY PLANS?

1. Do you provide salary bonus in any single year that is not permanent annual increase?

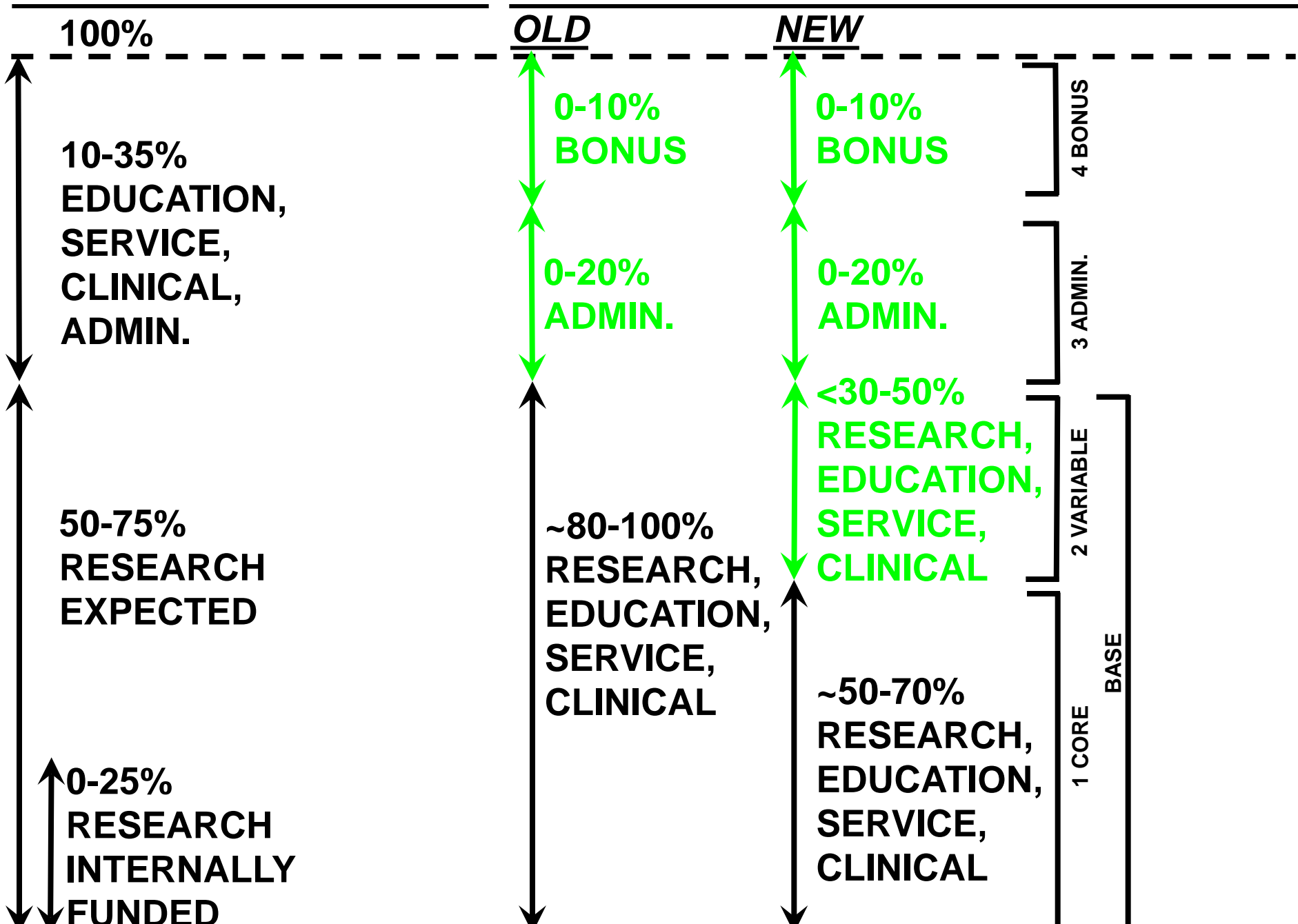
2. Have you ever decreased salary of faculty?

PRINCIPLES

1. Align missions with compensation
2. ***Integrity-based*** – fair to faculty and institution; protect the “sanctity” of tenure
3. Quantify faculty effort in missions
4. Define faculty effort & performance expectations
Guidelines are flexible to meet unique needs of departments, faculty missions (e.g. research- or education-intensive).
5. Win their hearts to win their minds. ***How?***

MISSIONS

COMPENSATION



MISSIONS

COMPENSATION

100%

100% Dr. Good

NEW

100% Dr. Good

20% ED
5% SERV

10-35%
EDUCATION,
SERVICE,
CLINICAL,
ADMIN.

0-10%
BONUS

4 BONUS
Not Excellent
0% RES
ext fund

0-20%
ADMIN.

3 ADMIN.
0%

75% RES
50% ext fund

50-75%
RESEARCH
EXPECTED

<30-50%
RESEARCH,
EDUCATION,
SERVICE,
CLINICAL

2 VARIABLE
Good
50% RES
ext fund

0-25%
RESEARCH
INTERNALLY
FUNDED

25% int fund

~50-70%
RESEARCH,
EDUCATION,
SERVICE,
CLINICAL

1 CORE
BASE
Satisfactory
50%
25% RES
int fund
20% ED
5% SERV

MISSIONS

COMPENSATION

100%

115% Dr. Excel

NEW

115% Dr. Excel

10-35%
EDUCATION,
SERVICE,
CLINICAL,
ADMIN.

25% ED
5% SERV

0-10% *Research Incentive*
BONUS
JS Excellent
10% RES
ext fund

50-75%
RESEARCH
EXPECTED

85% RES
60% ext fund

0-20%
ADMIN.
3 ADMIN. 5%

<30-50%
RESEARCH,
EDUCATION,
SERVICE,
CLINICAL
2 VARIABLE
Good
50% RES
ext fund

0-25%
RESEARCH
INTERNALLY
FUNDED

25%

~50-70%
RESEARCH,
EDUCATION,
SERVICE,
CLINICAL
1 CORE
BASE
Satisfactory
50%
25% RES
int fund
20% ED
5% SERV

MISSIONS

COMPENSATION

100%

50% Dr. Trouble

NEW

50% Dr. Trouble

10-35%
EDUCATION,
SERVICE,
CLINICAL,
ADMIN.

20% ED
5% SERV

0-10%
BONUS

4 BONUS
Not Excellent
0% RES
ext fund

0-20%
ADMIN.

3 ADMIN.
0%

50-75%
RESEARCH
EXPECTED

25% RES
0% ext fund

<30-50%
RESEARCH,
EDUCATION,
SERVICE,
CLINICAL

2 VARIABLE
Not Good
0% RES
ext fund

0-25%
RESEARCH
INTERNALLY
FUNDED

25% int fund

~50-70%
RESEARCH,
EDUCATION,
SERVICE,
CLINICAL

1 CORE
BASE
Unsatisfac.
50%
25% RES
0% ext
25% int
20% ED
5% SERV

- 1. Design of compensation plan →
“easy”**
- 2. Implementation of compensation
plan →
Difficult!**

EXAMPLES: TALE OF 2 FACULTY

1. Professor Dr. Trouble – low productivity
→ disincentive
2. Associate Professor Dr. Excel – high productivity
→ high reward, incentive

COMPENSATION

NEW

115% Dr. Excel

50% Dr. Trouble

0-10% **Research BONUS Incentive**

Excellent
10% RES
ext fund

\$12,972

Not Excellent
0% RES
ext fund

\$0

0-20% **ADMIN.**

3 ADMIN.

~5%

\$6,000

0%

\$0

<30-50% **RESEARCH, EDUCATION, SERVICE, CLINICAL**

2 VARIABLE

Good \$52,931 → \$64,724
50% RES
ext fund

Not Good \$54,930 → \$41,437
0% RES
ext fund

~50-70% **RESEARCH, EDUCATION, SERVICE, CLINICAL**

1 CORE BASE

Satisfactory \$65,000
50%
25% RES
int fund
20% ED
5% SERV
+10% = \$129,724

Unsatisfactory \$80,000
50%
25% RES
0% ext
25% int
20% ED
5% SERV
-10% = \$121,437

TOTAL = \$148,696

\$121,437

PRINCIPLES

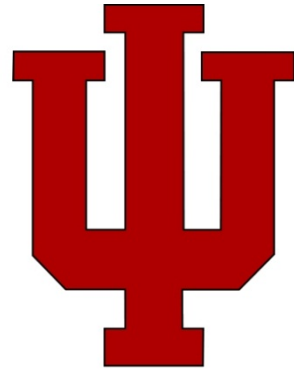
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5. **Win their hearts to win their minds. *How?***

MAGIC FORMULA?

1. ??

THANK YOU!!

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Professor and Chair



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