

## CAPM 810.672 – Negotiated Salary Program

**Responsible Office/Party:** UCSC Academic Personnel Office

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### I. OVERVIEW

This policy complements [APM 672 – Negotiated Salary Program](#) (NSP) as the Implementation Plan for the Santa Cruz campus. See APM 672 for definitions and general policy provisions.

## **II. IMPLEMENTATION PROCEDURES**

### **A. NSP Application Submission Process**

1. Deans will decide which department(s) within the division will participate in the NSP, considering such factors as expressed level of interest among the faculty; appropriate sources of funding within the division, and staffing resources available to administer the program.
2. Within a participating department, all eligible faculty members as provided for in APM 672-14 may submit an application to participate in the NSP.
3. Faculty members must have the allowable and appropriate funding resources available to support the total negotiated salary and a contingency fund contribution of 5% of the negotiated salary component.
4. No later than March 1 of each year, a call will be issued to faculty by the Academic Personnel Office regarding the annual negotiation for the coming fiscal year.
5. Interested and eligible faculty will submit a complete NSP Faculty Application Form to their department chair, following consultation with their funding manager, no later than April 1.
6. Enrollment is for one fiscal year, effective July 1 and ending on June 30. Retroactive participation is not permitted.
7. Participation must be requested and approved each year. Renewals are not automatic. The Campus Provost/ Executive Vice Chancellor may suspend the campus participation effective June 30 of any year.

### **B. Eligibility and Faculty Responsibilities**

1. Faculty eligibility and responsibilities are outlined in APM 672, and include the following:
  - i. Normative advancement in rank, step, or salary in the most recent academic review
  - ii. Fulfillment of the faculty member's assigned teaching load
  - iii. University service commensurate with rank and step
  - iv. All research contracts and grants in good standing, (e.g. no

outstanding agency reports or accounts in deficit)

- v. Student, postdoc, and researcher support obligations fulfilled, including current students, incoming students, fee remission, benefits, research support, etc. Faculty enrolled in NSP have a continuing responsibility to support such costs. Participation should not result in a reduction of student support or layoff of research support personnel
  - vi. Compliance with UC reporting and mandatory training requirements
  - vii. There has been no substantiated finding of misconduct as defined by Section 015 of the Academic Personnel Manual (APM 015) or proposed/imposed discipline in the period since the faculty member was last determined to be in Good Standing;
  - viii. The faculty member is not currently under a disciplinary sanction imposed by a formal disciplinary process or an informal agreement with the University of California in lieu of formal disciplinary action. A disciplinary action, as permitted by APM 016, is cause for cancelling current and/or denying future participation in the NSP. As a measure agreed to via an Early Resolution in lieu of formal discipline (as defined in and encouraged by Senate Bylaw 336, a faculty member can agree that they are ineligible to participate in the NSP for a defined period of time.
2. NSP participants must maintain good standing (as defined above) in order to participate in the program. If they lose good standing status while participating in the NSP, the Dean (or designate e.g., department chair) will meet with the professor and provide a form that indicates the deficiencies. The professor will have two weeks to provide proof of compliance (if possible) to the Dean (or designate). The Dean (or designate) will certify return to good standing by updating the form. Otherwise, the professor's NSP will be canceled for the remainder of the participation year (the NSP increment will cease effective at the end of the pay period in which eligibility was lost). If the cancellation of good standing is due to misconduct (APM 015) or as a result of disciplinary action (APM 016), the NSP will be subject to immediate cancellation and participation in future years will be suspended for ten years or as agreed upon by the resolution of the findings.
  3. The appeal process for negative eligibility findings during the application process is addressed in the section "Evaluation of Applications" (see below).

4. In order to broaden eligibility and participation, APO will send a CALL email to senate faculty, the Office of Research, deans, department chairs, and the Office of Sponsored Project. Department Chairs will engage with their faculty to encourage participation. In addition, the campus will have dedicated web pages for the NSP including application instructions and links to forms.

### C. Evaluation of Applications

1. **Pre-Consultation:** Prior to submission of a proposal, the faculty member must consult with the appropriate Fund Manager (e.g., research accountant) to verify the proposed funding source(s) and confirm that the funding source(s) is allowable and that it will remain in place for the entire fiscal year.
  - i. Once the funding has been verified by the Fund Manager, the participating faculty member should submit the NSP Faculty Application Form to the department chair no later than April 1.
2. **Department:** The department chair will review the application, consulting with others in the division or department as necessary to ensure that the requestor has met or will meet all teaching, research and service obligations. The department will forward the proposal to the divisional academic personnel office.
3. **Division:** The Fund Manager will ensure that allowable and appropriate resources are available to support the proposal including benefits costs and (if applicable) reserve funds requirement. The Fund Manager will also confirm, by consulting with the Office of Sponsored Projects as necessary, that the faculty member is in good standing with respect to their obligations to funding agencies as well as support of students and lab personnel.
  - i. The Academic Personnel Manager will ensure that the amount requested is consistent with these implementation procedures. The Academic Personnel Manager will confirm that the faculty member is advancing normally in rank and step, and is in compliance with all applicable University policies, procedures and training requirements. They may consult with the Academic Personnel Office and UC Learning Center as necessary to make this determination. Faculty may be required to submit verification of compliance with required training.
  - ii. The Dean will review applications and will forward all endorsed

proposals to the Vice Provost of Academic Affairs (VPAA) via the Academic Personnel Office (APO) on or before May 1.

4. **Academic Affairs:** The APO will review the applications for completeness and follow up with the division, department, or faculty member as needed. The VPAA will provide a report that lists applicants and the total UC Salary Rate (TUC) for each faculty applicant to CAP. The VPAA will have final approval authority.
  - i. If an application is approved by the VPAA, a salary confirmation letter will be sent to the faculty member confirming the faculty member's total salary for the coming fiscal year. Notification of approved participation will be sent to the faculty member, department chair, dean, CAP, department manager, divisional fund manager, and divisional academic personnel manager.
  
5. If the dean does not endorse and forward a faculty member's application, the dean should meet with the faculty member and if an agreeable change to the application is reached, any modification should be documented and the application forwarded as outlined above.
  - i. If the dean does not endorse because a faculty member does not have sufficient funding, the dean will communicate the decision to the faculty member and provide the faculty member a summary of review findings.
  - ii. If the application is not endorsed by the chair and/or dean because the faculty member is found to not be in good standing and the applicant wishes to appeal the determination, the application will be forwarded to VPAA along with the assessment of the chair and dean. VPAA will issue a final resolution within ten business days.

#### D. Approval Timeline

Process Step	Responsible Party	Timeline	Action
Annual Call	APO	By March 1	Issue annual call for NSP applications
Initial Consultation	Divisional Business Officer or Research Accountant	March 1-31	Advise faculty member on funding availability and appropriateness.

Process Step	Responsible Party	Timeline	Action
Application	Faculty Member	March 1-31	Submit a complete NSP Application Form to the department by April 1.
Funding Authorization	Fund Manager	April 1-30	Confirm funding availability and append the Fund Manager Certification Form to the application.
Department Review	Chair	April 1-30	Review application; complete the Chair portion of the NSP Chair/Dean Certification Form and append it to the application.
Eligibility Review	Divisional Academic Personnel	April 1-30	Confirm faculty member's eligibility, resolve any outstanding issues, and prepare applications for dean's approval.
Dean Review	Dean	By May 1	Review application and complete the Dean portion of the NSP Chair/Dean Certification form. Forward completed application to the VPAA.
Final Review	VPAA	May 1-31	Review applications; send summary report to CAP and issue notice of approval. Review eligibility appeals and issue resolution within 10 business days of receipt.

## E. Compensation Components

1. An application process will occur annually to determine the total UC salary for the year. Total compensation will be established as follows:

- iii. Scale-Based Salary

Participating faculty will receive their scale-based salary in addition to an optional negotiated component. (This Program does not change the faculty member's basic appointment base: academic- or fiscal-year. Those on academic year appointments remain eligible for summer ninths which will continue to be processed under pre-existing guidelines.) The scale-based salary refers to an individual's

regular scale salary rate plus any off- scale as approved at the time of hire or as a result of a retention offer or regular academic review. The scale-based salary (scale and off-scale) is considered covered compensation under the University of California Retirement Plans, UCRP, Pension Choice or Savings Choice, up to the amount permissible by Internal Revenue Code provisions and in accordance with UCRP policy and provisions.

iv. Negotiated Salary Component

A negotiated salary component beyond scale-based salary may be negotiated annually and has a cap of 30% of the scale-based salary.

2. The following chart defines the normal funding source for each salary component and whether the salary component is considered covered compensation for UC Retirement plans:

<b>Salary Component</b>	<b>Fund Source</b>	<b>Covered Compensation?</b>
Scale-Based Rate (rank/step + off-scale, if applicable)	State general funds	Yes
Negotiated Salary Component	External funds	No
Summer Salary	Varies	Not covered comp under UCRP but special Defined Contribution benefit applies (matching 3.5% contributions from employee and employer)
Administrative Stipend (if applicable)	Varies	Yes

3. The total UC salary--scale-based salary plus negotiated component-- may not be changed after July 1 for any reason, including but not limited to: mid-year salary scale adjustments (e.g. general range/COLA effective October 1 or any date other than July 1); merit increases and promotions approved after July 1, even with a retroactive effective date; or the receipt of additional contract and grant funds. If a faculty member's scale-based salary (covered compensation) is increased after the NSP application is approved, the negotiated salary component will be adjusted downward so that the total UC salary remains unchanged for the fiscal year.

## **F. Participation Effective Dates**

The total UC salary rate will be effective July 1 through June 30. Newly hired faculty with mid-year start dates may participate from the appointment begin date through June 30. Increases approved as a result of an accepted retention offer shall be effective on July 1 of the next year. Early withdrawal from the program is allowed only upon separation from the University or as a result of an official disciplinary action (as described in APM 015 and 016 and Senate Bylaw 230) or upon appointment to an ineligible administrative appointment. Retroactive participation is not permitted.

## **G. Fund Sources**

1. Only external funds will be used to support this program. External funding is any fund source that is not State-appropriated general funds, UC general funds, faculty startup funds, Department Chairs' or College Provosts' discretionary funds, Chancellor Fellows funds, opportunity funds, overhead recovery funds, student tuition funds, or other internal sources (fund sources from 19900-19999 accounts are not allowed). Allowable funds include (but are not limited to) endowment or gift income, professional degree fees, self-supporting degree fees, and contract and grant support. Fund sources may come from any combination of these external funding sources. The intent of the program is that the faculty member has access to the external funds due to their own research, teaching, or outreach activities. The funds should not be discretionary funds located in the department, school, college, or campus.
2. Funding must be awarded and in-hand--deposited to a UCSC account--prior to June 30 of the current fiscal year to be considered for that year's application. The fund source must cover the entire year of the application. Approved pre-award spending will not be considered "in hand" for purposes of the NSP. There are no exceptions. Funds awarded after the salary rate for the year is established may be considered in the following fiscal year.
3. All charges to contracts and grants must be complying with Office of Management and Budget (OMB) Circular A-21. Salaries charged to sponsored projects funded by federal sources must be accurately and appropriately calculated and timely certified.
4. All applicable Federal policies still apply. For example, agency (e.g., NIH) salary caps must be observed, and state funds may not be used to pay the cap gap.



5. The negotiated salary component must have a stable fund source, be paid in accordance with any related fund source restrictions and must be sufficient to include the related benefit costs.
6. When federal projects are involved, the program must be compliant with Federal Uniform Guidance regulations at 2 CFR 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards."

## H. Financial Responsibility and Contingency Reserve Fund

1. The Dean is responsible for managing funding of the negotiated salary program and will cover a faculty member's total UC salary for the entire fiscal year period (7/1 to 6/30), even if the faculty member loses funding during the annual negotiated year period.
2. The Dean must establish a sufficient reserve fund to serve this purpose. A participating faculty member's contribution to the contingency fund will be 5 percent of the negotiated salary component (NSC). It is expected that the contingency fund will grow and reach a steady state over a period of time. The contingency fund will be built through the contribution by each participating faculty member of either (i) released base salary equal to 5% of the NSC to the contingency fund; or (ii) a contribution equivalent to 5% of the NSC from any eligible fund source (e.g., startup, unrestricted external funds, gift funds, etc.). If released base salary is used, it must be replaced by an eligible external fund source.

Example:

- Scale-based salary (on-scale plus off-scale): \$100,000
- 30% negotiated salary component: \$30,000
- Released base salary: \$1,500  
(1.5% of scale salary paid with extramural funds, with the resulting 199xx salary savings directed to the contingency fund).
- Total UC salary: \$130,000
- Total cost to extramural funds: \$31,500

3. The contingency reserve fund account minimum balance will be set by the dean or their designee. If accumulations fall below this level, an increase in contribution rates or a transfer of non-state- appropriated general funds will be required to bring the balance to the required level. Use of any reserve fund surplus will be approved by the dean and the CP/EVC following consultation with the Academic Senate.
4. It is expected that Deans will discuss with the faculty (a Faculty Executive Committee, for example) the usage of surplus reserve funds.

Additional input or practices may be developed by faculty in the division or school.

5. Contingency fund balance accumulations and expenditures shall be reported annually to the CP/EVC.

## **I. Impact on Other Additional Compensation**

### **1. Summer Salary**

Additional compensation programs for faculty earning summer ninths remain intact. Academic-year faculty may earn up to three-ninths additional summer compensation for research, teaching, and/or administrative service. Summer ninths shall be paid at the total UC salary rate (scale-based plus the negotiated salary component) according to standard summer salary policies. To be eligible for the NSP, candidates who hold academic-year Senate appointments must take the maximum amount of summer salary (summer ninths) available to them. Any portion of a ninth paid for service in June (by exception to campus policy) shall be based upon the individual's salary in effect on June 30.

Participants may take fewer than three (3) ninths if the participant teaches in Summer Session (which counts toward a participant's total summer salary) or if they opt to take personal time during their off-duty period in the summer. A participant may request an exception to the summer ninths requirement for a purpose other than teaching Summer Session or taking personal time off during the off-duty period in the summer. The faculty application form will indicate whether the participant plans to take the maximum summer salary and, if not, shall address the reasons for requesting an exception.

### **2. Summer Session**

Summer Session teaching compensation will be based upon the total UC salary rate in effect on June 30 of the calendar year in which the Summer Session begins, and including the negotiated salary component.

### **3. Administrative Compensation**

Deans and full-time faculty administrators (see APM – 240 and 246 for definitions) are not eligible for this program.

Stipends issued for official administrative roles (e.g., department chair) may not be included in the negotiated salary component and must be

recorded as separate payments. Classification of official administrative roles will be determined in accordance with campus policy.

4. Faculty Consultants

Pay for services as a faculty consultant under APM—664 will be based on the total UC salary rate (including the negotiated salary component) in effect during the consulting activity.

5. Additional Teaching

The NSP is not an appropriate substitute for additional compensation for allowable additional teaching activities. All provisions of APM—662 continue to apply.

## **J. Leaves of Absence**

1. While leaves may not be common for NSP participants, sabbatical leave and other leaves with pay will be granted at the total UC salary rate in effect during the period of the leave. State funds may be used only for the portion of a sabbatical leave related to a faculty member's scale-based salary. Plans for leave will be proposed to the Department Chair according to current procedures. The paid leave must be at 100% in order to be eligible for NSP. In the case of a partial sabbatical, a sabbatical supplement (bringing a partial sabbatical to 100%) must be funded before NSP.
2. Medical leave will be granted at the total UC salary rate through June 30 of the year of the leave (see APM – 715). If external fund restrictions preclude payment of medical leave, the department must provide appropriate unrestricted funds to ensure full payment of the total negotiated salary (the negotiated component cannot be paid through state funds). The University is under no obligation to continue the negotiated salary component if the medical leave continues into the next salary negotiation cycle (7/1 - 6/30).

## **K. Intercampus Recruitment**

For permanent intercampus transfers, APM – 510 applies. The negotiated salary component may not be a factor in determining a competing UC offer (see Appendix A in APM – 510). If the recruiting campus is participating in the NSP, the faculty member must negotiate a new proposal with the new campus. A start-up package in intercampus recruitment cannot include funds to support a negotiated salary component. Funding for NSP must be in-hand and deposited to a UCSC account to be eligible.

## **L. Notification, Documentation and Reporting**

1. Approved applications will be signed by the faculty member, Department Chair, Dean, CAP Chair, and VPAA.
2. Faculty Participant Responsibilities
  - Consult with research fund managers to determine funding availability and fund source appropriateness
  - Submit a complete NSP application by the campus deadline.
3. Department Responsibilities
  - Review NSP applications to certify eligibility and forward them to the division
4. Academic Division Responsibilities
  - Advise faculty and reviewers on program policies and procedures
  - Review applications to ensure all participation eligibility criteria have been met
  - Confirm funding availability and appropriateness of fund source
  - Serve as the office of record to maintain documentation of NSP applications, approvals, and any appeals
  - Review and forward NSP applications by May 1
  - Document the funding authorization process used for all applications (method is at the discretion of the division)
  - Document the methodology used to determine the negotiated salary component in each case (method is at the discretion of the division)
  - Enter approved negotiated salary components in the payroll system and DivData
  - Perform a secondary review of the payroll transaction to ensure salary matches the approved amounts
  - Report funding summary annually to VPAA
  - Establish and maintain an appropriate reserve fund to cover unexpected shortfalls
5. Academic Affairs Responsibilities (VPAA and APO)
  - Issue annual call
  - Submit annual report with a list of applicants to CAP
  - Issue an annual salary confirmation letter to approved faculty participants
  - Advise faculty and reviewers on program policies and procedures; maintain responsibility for overall campus compliance with APM 672.
  - Provide training documents to divisions on correct payroll and DivData data entry
  - Maintain open communications with academic senate on policy issues

and concerns

- Forward the campus Implementation Procedures to the UC Provost for approval; including any revisions.
- Prepare data for systemwide Provost as required by Office of the President.
- Approve expenditures of excess reserve funds following consultation with the Academic Senate

6. CAP Responsibilities

- Review campus Implementation Plan and consult on policy issues.

### **III. RESOURCES**

- NSP Faculty Application Form and related instructions will be provided.