

MEMORANDUM

Date: February 24, 2004

To: Faculty Council
University of Iowa

From: Executive Committee
U. of I. Chapter, American Association of University Professors

Re: University of Iowa Research-Based Faculty Salary Incentive Programs

A. Summary

1. Subject matter

- a. This memo addresses (1) the role and propriety at the University of Iowa of bonus programs and incentive payments as a supplemental mode of compensation for tenure-track faculty engaged in research, and (2) University procedures for the adoption and evaluation of such programs.
- b. We present our analysis with reference in part to the "Pilot Incentive Program in the Basic Science Departments, July 2003" (the "pilot program") recently adopted by the College of Medicine (COM) for its basic science departments. A copy of the plan is attached to this memo at pp. 7-10.

2. Summary of findings and recommendations

- a. We have significant concerns about the value of research incentive programs for the long-term interests of the University and its faculty.
- b. We believe that bonus programs for tenure-track research faculty members should not be adopted, even on a pilot basis, prior to full and informed consultation with the Faculty Senate. Accordingly, we propose that the Faculty Senate recommend that a moratorium be placed on the expansion of existing bonus plans or the adoption of new plans by the administration.
- c. We recommend that the Faculty Senate appoint a committee to assess the propriety of bonus programs for the University of Iowa in general and to recommend guidelines for such programs if the administration should introduce them.
- d. We recommend further that the Faculty Senate charge its Faculty Welfare Committee or some other committee appointed for this purpose, to conduct an independent evaluation of the success of the COM pilot program, with full access to the information in the medical school that is required to assess fully both the benefits and drawbacks of the program. As a point of departure for this review, we present in an Appendix a possible research design for such an inquiry.

- e. Finally, we recommend that the COM pilot program not be permitted to continue beyond five years in the absence of a meaningful and exhaustive evaluation which documents that the benefits of the program clearly outweigh its drawbacks.

B. Description of the College of Medicine Incentive Program for Basic Science Departments

1. The “Pilot Incentive Program in the Basic Science Departments, July 2003” was adopted on a pilot basis in 2003 by the College of Medicine for its basic science departments (anatomy and cell biology, biochemistry, microbiology, pharmacology, and physiology and biophysics). Faculty in these departments represent 96 of 839 FTE in the COM (11%). In FY 2002, they accounted for \$25.9 million of \$131 million in total costs awarded to the COM from the NIH (20%).
2. The plan was announced at the June 30, 2003, meeting of the Executive Committee of the COM and implemented by the Dean. To the best of our knowledge, no faculty governance body was consulted prior to adoption of the plan. The University Faculty Council and Senate were not even formally advised by the University administration of the plan’s adoption,
3. The plan is limited to tenure-track faculty. The core of the plan is a sliding scale of bonuses (ranging from \$1,000 to \$25, 000) determined by the extent to which extramural funds offset the faculty member’s salary (from a 35% to 39% offset for the \$1,000 bonus, to a 90% plus offset for the \$25,000 bonus), p. 9.
4. The program also gives department heads discretion to award bonuses up to \$5,000 for grants in the \$350,000 to \$450,000 range that “provide limited or no salary support” and bonuses up to \$10,000 if such grants exceed \$450,000 per year. In addition, the “PI for a training grant” may also be eligible for a bonus up to \$10,000 within the discretion of the department head and/or the dean, p. 9.
5. The plan authorizes, at the discretion of the department head, bonuses up to \$10,000 for faculty who assume the “directorship of a course identified by the department as particularly intensive of time and effort or assumes a significant administrative burden in the department,” p. 9.
6. Although there is a detailed explanation of how the bonus plan applies to the research endeavor, the “Teaching/Administrative Service” illustrative incentive payments, p.4, are quite restricted, i.e., they are limited to narrow specified activities rather than to excellence in teaching in general. However, the plan expresses the “hope that future versions of this plan will incorporate provisions that reward extraordinary teaching effort and /or accomplishment along with recognizing faculty service to departments, the College or University,” p. 8.
7. The bonus plan states that it will be “evaluated over the next two academic years to determine...[if it] is successful. The review will include an analysis of extramural funding trends and faculty productivity,” p. 8.

C. Potential Benefits and Drawbacks of the Bonus Program

We attach a recent article in *Science* magazine addressing these issues. Several of the points noted below are drawn directly from the *Science* article.

1. The potential benefits of the bonus program may include the following:
 - a. Enhanced consistency between basic science departments by replacing five different enrichment programs within the COM,
 - b. Consistency with clinical departments that offer patient care service-based faculty salary incentive plans based on clinical productivity through the Faculty Practice Plan,
 - c. A sizeable boost in annual income for selected faculty members,
 - d. Means for retention of successful researchers with high visibility who tend to receive attractive offers from other institutions, and
 - e. An incentive to encourage faculty to apply for, and receive, additional extramural funds in excess of present funding levels, resulting in:
 - i. growth of the research enterprise, increased research opportunities for both faculty and students, and enhancement of the University's prestige and national ranking, and
 - ii. financial flexibility that enables departments to use newly-freed salary money for other projects, such as bridging funds or hiring of additional personnel.
2. The potential drawbacks of a bonus program may include the following:
 - a. Inhibition of academic freedom by encouraging only "profitable" research. A bonus program pressures faculty to formulate their research agendas and pursue areas of research based on the ability to attract funding rather than on fundamental principles of scientific inquiry. High-risk areas of research that have a significant probability of failure, but the potential to yield extraordinarily valuable information if successful, may be abandoned,
 - b. Disappearance of small independent research programs. Investigators in low-budget laboratories whose salary incentive payments may be based on salary support tied to a single grant would lose considerable personal income if that grant were not renewed. Investigators might therefore flock toward large laboratories funded by multiple sources that buffer the impact of the loss of a single grant,
 - c. Unanticipated and inappropriately large salary discrepancies among basic science faculty, especially if those faculty who have previously been successful in

obtaining extramural funding have already been rewarded under the traditional system through increases in their base salaries,

- d. Exacerbation of existing differences in salary between faculty in the humanities and those in the sciences,
- e. Migration of bonus programs to the humanities and social sciences, where limited opportunities for extramural support pose an even greater potential for distorting faculty research priorities, and
- f. Undermining of the very nature of the professoriate and the fundamental balance of power between the University and its faculty through:
 - i. creation of an award system that disproportionately recognizes achievement in only one of our multiple academic missions. It devalues teaching and service, compromises the value placed on mentorship, citizenship, and collegiality, and has the potential to evolve into de facto tenure-track research professorships.
 - ii. threatening of the traditional mechanisms by which scholarship and its contribution to a field are evaluated. Research productivity should be judged based on the quality and quantity, not solely on the amount of money obtained from external sources,
 - iii. devaluation of faculty in fields that do not attract extramural funding. Faculty in the humanities should be properly recognized based on well-defined criteria that involve all aspects of professional responsibilities and the value of their contributions to the University and society, and not considered less important because they lack the same opportunities for raising money from external sources, and
 - iv. elimination of the concept of tenure if bonus programs are allowed to evolve into compensation systems tied heavily to soft money.

D. Rationale of AAUP Recommendations to the Faculty Council

1. We recognize that traditionally matters of faculty compensation are solely within the discretion of the administration. However, bonus plans may have significant impacts on the faculty and the University in terms of: our mission; incentives for relative emphasis on research and scholarship, teaching, and service; faculty collegiality; and the autonomy of the University with respect to external funding sources. We foresee significant deleterious effects from a substantial shifting of the burden of funding a college or university enterprise away from the institutional governing board onto those responsible for carrying out the mission and objectives of that enterprise. One example of that model is what has occurred in intercollegiate athletic departments at most major US colleges and universities. These departments now function largely as autonomous commercialized entertainment enterprises with little or no financial support and influence

from the host academic institution. In our judgment, therefore, the propriety and form of bonus programs is properly within the jurisdiction of the Faculty Senate.

2. Adoption or expansion of incentive programs carries a substantial burden of justification. For this reason, we propose that the Faculty Senate recommend and the University adopt a moratorium on the establishment or expansion of all salary incentive programs. Additional salary incentive or bonus programs for tenure-track research faculty members should not be adopted, even on a pilot basis, prior to full and informed consultation with the Faculty Senate.
3. To guide the Senate in its consideration of bonus programs, we also recommend that the Faculty Senate charge an existing committee or appoint a new committee to assess the propriety of bonus programs for the University of Iowa and to recommend guidelines for such programs in the event they are authorized by the administration.
4. We further recommend that the Faculty Senate charge its Faculty Welfare Committee or some other committee appointed for this purpose, to conduct an independent evaluation of the success of the COM pilot program, with full access to any information that is required to assess completely both the benefits and drawbacks of the program. As a possible point of departure for the committee tasked with the responsibility for conducting an independent review of the COM pilot program, we suggest in the Appendix to this memo a possible tentative research design for the inquiry.
5. We believe that the COM carries a heavy burden of justification for its current pilot program. Accordingly, we recommend that the COM pilot program not be permitted to continue beyond five years in the absence of a meaningful and exhaustive evaluation which documents that the benefits of the program clearly outweigh its drawbacks.

Appendix: A Possible Research Design for an Evaluation of the College of Medicine's Incentive Program for Basic Science Departments

We suggest that the evaluation start with an examination of the factors mentioned in the COM bonus plan— extramural funding trends and faculty productivity – for two or three years before and after the adoption of the plan. However, it should go beyond these considerations to examine the following questions:

1. How do trends in grant applications, funding, and faculty productivity (publications, patents etc.) compare for faculty who receive bonuses and those who don't (both within the basic sciences and elsewhere in the college.)
2. Compare the trends of total salary among the bonus-eligible faculty who receive bonuses and those that don't – in the aggregate and by the levels of the bonuses received.
3. Compare trends in the bonus amounts awarded to faculty for basic research as compared to awards for teaching, and administration.

4. For faculty who do and do not receive research bonuses, compare trends before and after the program was introduced:
 - (a) in effort allocations for teaching, research, and service,
 - (b) in course teaching loads, and
 - (c) the subject matter of their research agendas.
5. Compare trends in the college's basic research (bonus eligible) departments to trends in other comparable departments in the college, that are not bonus-eligible, before and after the bonus program started in terms of: (a) start-up funds for new faculty, (b) bridging funds for faculty research, and (c) other departmental activities that are intended to benefit from enhanced revenues as a result of the bonus program.