PURPOSE: The purpose of this School of Medicine (SOM) policy and procedure is to establish requirements, limitations, and processes for providing year-end incentive compensation as outlined in the Medical Practice Income Plan (MPIP) Bylaws.

REVIEW: This SOM Policy and Procedure shall be reviewed within each even-numbered fiscal year by the Executive Associate Dean for Administration. Revisions will be forwarded to the Office of the Dean for approval and publication.

POLICY/PROCEDURE:

1. General. This policy is intended to reward the productivity within Clinical Science departments in accordance with the MPIP Bylaws. “Augmentation shall be defined as that part of Total Compensation, paid from MPIP funds or from other sources authorized by the Board of Regents of the School, which is paid to a member pursuant to the Plan. It is expressly understood that Augmentation shall not be guaranteed.” (MPIP Bylaws, Section 2.32A)

2. Definitions.
   a. MPIP Reserves: Departmental fund balance after the close of a fiscal year.
   b. Days/Months of MPIP Reserves: Number of days of operating expenses that can be supported by the fund balance.
   c. Projected Net Operating Profit: The calculated year-end profit after expenses using eleven (11) months of actual data as determined by the Office of the Dean.

3. Department Eligibility.
   a. Departments with a Projected Net Operating Profit for the current fiscal year are eligible to distribute year-end incentive compensation in accordance with the following table:

<table>
<thead>
<tr>
<th>MPIP Reserves</th>
<th>% of Allowed Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>≤ 0 days</td>
<td>10%</td>
</tr>
<tr>
<td>1-30 days</td>
<td>1 - 1 months</td>
</tr>
<tr>
<td>31-60 days</td>
<td>1 - 2 months</td>
</tr>
<tr>
<td>61-90 days</td>
<td>2 - 3 months</td>
</tr>
<tr>
<td>91-120 days</td>
<td>3 - 4 months</td>
</tr>
<tr>
<td>121-180 days</td>
<td>4 - 6 months</td>
</tr>
<tr>
<td>&gt;180 days</td>
<td>&gt; 6 months</td>
</tr>
</tbody>
</table>

   b. For departments that do not meet the above criteria, the Dean may provide central resources for year-end incentive compensation to reward highly productive faculty.
4. **Individual Eligibility.**
   a. In all cases, year-end incentive compensation should be based on objective criteria that recognizes and rewards highly productive faculty and eligible departmental leadership.
   b. Eligible departments may award incentive compensation to department administrators and nurse managers.
      1) **Administrators:** Administrators may receive up to $10,000 (or up to that amount if split between an administrator and associate administrator).
      2) **Nurse managers:** Head nurses may receive up to $7,500 (or up to that amount if split between more than one nurse manager).
   c. **Distribution to faculty:**
      1) The chair has discretion in determining the distribution of year-end incentive compensation for faculty when a department utilizes its own operating profit.
      2) Departments distributing central resources provided by the Dean must utilize criteria established by the Office of the Dean each year.

5. **Process.**
   a. When eleven months of MPIP data is available, the Office of the Dean will calculate the Projected Net Operating Profit and Days/Months of MPIP Reserves.
   b. The Office of the Dean will notify departments of eligibility for distribution of year-end incentive compensation. Those departments receiving central resources, if provided, will be notified of distribution criteria.
   c. Submission of required documentation for payment of year-end incentive compensation for departments using central resources must meet deadlines as established annually by the Office of the Dean.