

College of Business Administration  
University of Illinois at Chicago

Oct. 6, 2000  
Revised Jan. 26, 2004

To: Operating Committee

From: Wim Wiewel  
Dean

### CBA Policy Regarding Faculty Buy-Outs

Attached is the policy memo that covers faculty buy-outs from teaching. The memo was revised in accordance with some of the suggestions that were made at the Operating Committee meeting of October 2, 2000.

Based on that meeting, please note the following:

1. The policy pertaining to funds generated by sabbaticals was changed to leave 2/3 of any such funds with the Department and 1/3 with the College. This policy is now consistent with other items on the list.
2. The buy-out price for the second course with Grants and Contracts remains at 16.67%. This can be regarded as a small experiment to see if more faculty will be able to raise enough grant or contract funding to buy out a second course.
3. Existing buy-out arrangements (such as Chaloupka and Tauras) will be honored and are grandfathered in regard to a waiver of the requirement that multi-year buy-outs must be for the full 100%.
4. The policy regarding teaching a second course on-load in the Contract MBA program has been loosened, but the dollar arrangements are as previously stated.

Thank you all for your suggestions and comments on the earlier version.

October 6, 2000

### CBA Policy Regarding Faculty Buy-outs

Heretofore CBA did not have a set of written policies that cover the various circumstances in which faculty members are "bought out" from teaching by external and internal sources. A primary goal of this policy is to encourage faculty research. A second goal of the policies listed here is to provide departments with sufficient resources to continue to function and deliver programs plus an incentive where appropriate. The other goal is to provide the college with the ability to allocate some of the resources generated to areas of particular need.

Buy-Out Category	CBA Policy
1. Sabbaticals	Sabbaticals occur on a regular basis; departments must plan accordingly. Any extra funds generated will be divided 2/3 for the Department and 1/3 for the College.
- Faculty member is paid 100% of salary.	
- Faculty member is paid 67% or 50% of salary.	
2. Unpaid Leave	Departments receive 50% of the faculty member's salary that is released in order to cover courses and provide a bonus. The college retains 50%.
3. Grants and Contracts	

Here it is assumed that the faculty member's teaching load is four courses per year. If the faculty member has a teaching load of three courses or fewer for the year in question, it is presumed that the first course has already been "bought out," so the buy-out policy begins as if the second course is being bought out.

The policy of long standing is that faculty may buy out one course per year at "marginal cost" plus \$1000. Marginal cost is the salary of an adjunct instructor. It is proposed that this buy-out amount be set by each department, and that the revenue remain with the department. Department Heads will set a uniform buy out amount each year, and the amount for the coming academic year will be announced in February. The amount for the previous year shall be used unless the amount is changed.

The other policy of long standing is that a second course (or higher) requires additional grant and contract funds equal to 25% of the faculty member's nine-month salary. Also, an informal policy has been that the 100% buy-out of a faculty member requires 100% of the

nine-month salary. The policy regarding the distribution of these funds has not been written down. It is also true that very few CBA faculty have bought out a second course with grants or contracts.

It shall be presumed that the faculty member who is working on a grant or contract is still in residence at UIC, and is therefore performing some service duties for the department and serving on dissertation committees. The buy-out policy proposed for research-active faculty is:

Number of Courses Bought Out	Buy-Out Policy
1	Adjunct salary plus \$1000, to be set by department. Funds remain with department.
2	Buy out of second course costs 16.67% of the faculty member's salary. Department retains 2/3 of that amount, and college retains 1/3.
3	Same as 2
4	Complete buy out from teaching costs 2/3 of the faculty member's salary. Department retains 2/3, and the college retains 1/3.

The above rule for the complete buy out of teaching is followed for the first year of a multi-year project, but the second and subsequent years of a multi-year project with complete buy out of teaching will require 100% of the salary, with 50% retained by the department and 50% retained by the college.

For the faculty member on a six-course teaching load, the buyout is the same as above for the first course and 16.67% of the salary for each additional course. Distribution of the funds is the same as above.

(Note: Complete buy out in which faculty member performs no duties for the department will cost 100% of salary, with 50% retained by department and 50% retained by college. This is the same as unpaid leave.)

#### 4. Buy Out by Other University Units

One course buy out: Marginal Cost plus \$1000

Second course bought out: 16.67% of salary, department retains 2/3, college 1/3

Third course bought out: Same as second course

Fourth course bought out: 66.67% of salary, department retains 2/3, college 1/3

Note: Buy out of courses by other university units has presented problems for CBA

because they always just pay marginal cost for each course bought out. Because CBA has no slack in its faculty resources, other university units must begin to pay more to buy out CBA faculty. CBA recognizes that some units have explicit and long-standing policies (e.g., Provost's Office, Institute for the Humanities and Great Cities Institute), and CBA will follow these units' policies.

## 5. Contract MBA

The Contract MBA program has, in effect, been buying out full-time faculty for 1/9 of salary per course up to a maximum of \$10,000 per course. These funds have been retained by the department. This happens when the faculty member teaches a course for Executive MBA as part of his/her regular teaching load.

It is proposed that this rule continue for the first course bought out for a particular faculty member during an academic year. In the case of a buy out of a second course, the department will retain marginal cost plus \$1000, and any remainder will revert to the college.

Any limitations on the total amount of teaching per academic year in Executive MBA (both on load and off load) by full-time faculty shall be set by each Department Head.

## 6. College Priorities

The Dean has the right to give course releases to individual faculty members for matters of college priority. If necessary, the department shall be provided the resources to meet its teaching obligations.