

Faculty Council Committee on Budget, Finance and Compensation

Annual report 2025-2026

Summary of FCBFC Charges

- The purpose of this Committee is to serve as the faculty's principal forum for the consideration of matters relating to the SOM's budgeting and financing.
 - Review of proposed budgets and SOM strategic plan
 - Report to the Faculty council with financial overviews of the SOM based on data from the Vice-Dean of Finance for the SOM
- With regards to Compensation, the purpose of this Committee is to consult with and advise the SOM administration on the formation and review of SOM policies and procedures concerning faculty compensation.
 - Consultation with SOM administration regarding compensation and annual allocation of funds for faculty compensation
 - Review guidelines from each department regarding faculty compensation
 - Competitive analyses of faculty compensation in peer universities
 - Other matters of policy and equity brought to its attention.

Members of the FCBFC

Clinical Department Representatives

Maninder Singh, MD Department of Anesthesiology – MHS (2027)

Kelsey Duncan, MD Department of Neurology – UH (2028)

Basic Science Department Representatives

Craig Hodges, PhD- Current Chair Department of Genetics – SOM (2027)

Ming Wang, PhD- Vice Chair Department of Population and Quantitative Health Sciences – SOM (2027)

Tsan Xiao, PhD Department of Pathology – SOM (2026)

You-wei Zhang, PhD Department of Pharmacology – SOM (2026)

James Kazura, MD Department of Pathology- SOM (2028)

Ex-officio non-voting

Paul Bristol, MBA Vice Dean for Finance and Administration for the SOM

Central Finance Team- Rose Kelley, Jon Carlson and Craig Zullig

Cliff Harding, Ph.D. Basic Science Chair appointed by the Chair of the Council of Basic Science

Donna Plecha, MD Clinical Chair appointed by the Chair of Council of Clinical Chairs *Ex-officio non-voting*

Finances of CWRU SOM

FY25- SOM finished with \$6.6 million surplus but \$2.8 million less than the university budgeted (\$9.4 million). Still this was a herculean effort considering most was due to budget cuts to the individual departments.

FY26- SOM is projected to finish with \$11 million surplus with approximately half of this coming from endowment reallocations and the other half from operational improvements and cost-sharing adjustments as well as support from central university. This will still be below the \$13.9 million that the university budgeted.

***Reminder that any surplus generated stays with each school and is used for strategic initiatives and as a general rule 50% is for new recruits and 50% is for facility projects.

Finances of CWRU SOM

Current Challenges:

- Reduced NIH indirect rate cuts from 61% to 57%
- Slow down of NIH approvals and reduced paylines FY26-???
- Tariffs have increased costs for everything and everyone
- Decreased enrollments in Master's programs **Increase in undergrad enrollment in certain departments (e.g., Biochemistry)
- No vice dean of finance for SOM **Central finance team have been extremely helpful.

Finances of CWRU SOM

Proposed actions by SOM (last year and into this year):

- Increase faculty salary coverage off grants from ~48% to 52% with an overall goal of 70%
- Increase philanthropy
- Ensure Master's programs are sustainable and competitive
- Recruit faculty at all levels with proven track record in funding
- Build centers to improve multi-PI awards
- Reduce departmental deficits
- Increase tuition 2.5% over all programs

SOM Compensation in FY26 (median)

All schools

The latest medical school salary comparisons for 2025**

- a. Professor (AAMC - \$224,469 (n=5,207); CWRU - \$222,520 (n=103))
- b. Associate Professor – (AAMC - \$155,725(n=3,950); CWRU - \$148,202; (n=56))
- c. Assistant Professor – (AAMC - \$122,823(n=5,000); CWRU - \$125,781 (n=94))

**AAMC (Association of American Medical Colleges) – median salary All Basic Science depts, CWRU – median salary Basic Sciences 100% CWRU paid-from Eddie Bolden, Institutional Resources, includes base+incentive

SOM Compensation in FY26 (median)

Private schools

The latest medical school salary comparisons for 2025**

- a. Professor (AAMC - \$236,619 (n=2,217); CWRU - \$222,520 (n=103))
- b. Associate Professor – (AAMC - \$164,373(n=1,682); CWRU - \$148,202; (n=56))
- c. Assistant Professor – (AAMC - \$130,000(n=2,158); CWRU - \$125,781 (n=94))

**AAMC (Association of American Medical Colleges) – median salary All Basic Science depts, CWRU – median salary Basic Sciences 100% CWRU paid-from Eddie Bolden, Institutional Resources, includes base+incentive

Median Compensation discrepancy comparing CWRU SOM and all universities by rank

The % range discrepancy by rank AAMC salary (CWRU median salaries are on all below published data):

Assistant Professor – +2.4 to -3.3% compared to other schools

Associate Professor – -5.1 to -10.9% compared to other schools

Full Professor – -1.0 to -6.3% compared to other schools

Raise pool at CWRU since June of 2022 has been 21% where as inflation from that same time period is 12%. The SOM merit pool for FY27 will be for 3%.

Summary of current incentive portion of compensation plan

- **Incentive pay:** The School of Medicine's structured incentive compensation plan is designed to align financial incentives with performance metrics, particularly for tenure-track faculty whose primary mission is research. The model is grounded in the principle of "**at-risk**" **incentive compensation**, where a portion of the incentive pay is contingent upon individual faculty performance, primarily in securing external salary support. Incentive pay is only available to faculty who are 100% paid by CWRU.

Changes to the SOM faculty incentive compensation plan

- Maximum incentive will be capped at 12% of total compensation (last year was 17%) and anything over 12% will be transitioned to base salary
- If faculty do not reach 50% salary support from external sources the incentive becomes at risk. The 50% salary will be evaluated over the previous three year period. Then the window rolls over three years after that.
- If the three year average is below 50% faculty will lose 1/3 of their incentive starting July 2026. If that shortfall continues then they would lose another 1/3 July 2027 and then another 1/3 July 2028 if average coverage below 50% continues.
- SOM will consider certain teaching contributions to put the faculty member above 50%. Teaching can offset up to 15% effort.
- There are some exclusions to this plan like junior faculty in the first 3 years of hire date, dependent faculty (under a primary faculty member's funding support) and teaching faculty (hired as primary educators).

Faculty Research Achievement Program (FRAP)

- This pilot program provides a research investment to qualified School of Medicine faculty who charge at least 50% of their salary to externally funded Research and Training projects
- Funds must be used for research and training purposes, with the goal of submitting additional grant proposals. Allowable expenses include consulting, student support, software, data sets, animal research costs, research supplies, technology, publication fees, and travel to present findings or conduct research. Funds cannot be spent on faculty and staff salary support.
- FY26 is the initial year and \$3000 will be the highest amount given
- FRAP can accrue year to year but cannot exceed \$27K

| Tier | Yearly Salary Coverage Percentage | Yearly Research Investment |
|-------------|------------------------------------------|-----------------------------------|
| 1 | 50% - 60% | \$3,000 |
| 2 | 61% - 75% | \$6,000 |
| 3 | 76% - 100% | \$9,000 |

Future goals of FCBFC

- Work with SOM administration to suggest improvements on current incentive compensation plan
- Work with SOM and Central University administration on how to minimize budgetary issues
- Open to suggestions: craig.hodges@case.edu

Summary for the Faculty Council Committee on Budget, Finance and Compensation 2025 (June)-2026 (April) . Chair: Craig Hodges Vice Chair: Ming Wang

This committee meets monthly on the third Thursday of the month from 3:00-4:00. The below summary is put together solely by Craig Hodges and was not agreed upon or approved by the whole committee. The summary is Dr. Hodges' interpretation of the monthly meetings and should be attributed to him alone.

1. Given the financial turmoil brought upon our country by the current incompetent federal administration, it is no surprise that the major topic of discussion was how this turmoil affects CWRU's bottom line in FY25 and FY26. While most of NIH's budget approved by congress for FY25 was spent, there were massive delays on most if not all grants. While the NIH budget was not cut in FY26 and approved by congress at a slight increase from last year, most approvals at NIH have still been massively delayed which has made the SOM projected surplus a moving target to say the least. One of the biggest take aways from FY25 was that the SOM finished the FY25 \$6.6 million in surplus. While this was lower than the CWRU requested \$9.4 million, this was considered quite the success story considering late in the fiscal year Paul Bristol, the vice dean of finance for SOM, didn't know if we would make \$5 million. Paul gave all the credit to the departments that made requested cuts. Despite not making the requested surplus for FY25, the university increased the requested surplus by over \$4 million to \$13.9 million for FY26. SOM administration requested \$25 million in budget cuts across the SOM departments for FY26 to try and meet the requested \$13.9 million in surplus. While the committee was assured that every penny of surplus stayed with the SOM to use at a later time point, the logic of increasing the surplus requested after a fiscal year in which we were \$2.8 million under a smaller number did not make sense to the committee. Throughout the year there were concerns that these budget cuts for FY26 would lead to reductions in force for departments in SOM. In response, the faculty council sent a letter to President Kaler requesting a reprieve for budget cuts as the worry was reductions in force would lead to departments not being able to function as they have. President Kaler gave a very nonspecific response. Soon after, Paul Bristol was relieved of his duties as vice dean of finance for SOM and a new Central finance team was named as a replacement to direct SOM's finance. The three person team, Rose Kelly, Jon Carlson and Craig Zullig met with this committee starting in February 2026. The reason for this change was because SOMs budget constitutes so a large part of the university's budget, there should be more alignment between the university and SOM. Initially, the Central team stated that the outlook for FY26 was poor for SOM with a projected surplus of \$750K at the end of Q2 but now at the end of Q3 there is a projected surplus of \$11 million by fiscal year-end, with approximately half of this coming from endowment reallocations and the other half from operational improvements and cost-sharing adjustments. The

future of the SOM finance looks a bit bleak given the current federal situation but since federal decisions seem to be based on the weather, time of day, which side of the bed they wake up on... the future is foggy. What we can be certain of is the university setting a surplus that SOM can not achieve in this funding climate. These unachievable goals may make faculty and staff feel unmotivated and an eventual exodus may occur if this is encountered year after year.

2. This past year a new NIH indirect cost rate (IDC) for CWRU was agreed upon with the federal government cutting our past IDC from 61% to 57%. While this will reduce the amount brought in by SOM, CWRU and SOM suggested this was a better rate than others have gotten and it was a good outcome overall.
3. This point of discussion was raised last year and continues to be a concern. It was discussed as to whether the raise provided at promotion should come from the raise pool or represent a separate pot of money. Several people answered this question in different ways BUT the University President has said that the promotion raise pool is included in raise pool and there is not a separate pot of money. In departments that may have several members getting promoted in a year, this would significantly reduce the raise pool for everyone else. In the past, SOM has been able to not include promotions as part of the raise pool. At our latest meeting in April, it was announced for at least FY27 that promotions would not count as part of the merit pool that was announced at 3% this year. This is overall welcome news but continues to be a concern.
4. The committee also discussed the changes to the Dean's faculty incentive plan for FY27 for all 100% CWRU paid faculty members. There were several areas of discussion:
 - a. changes to the incentive plan, include a reduction in the maximum incentive cap from 17% to 12%, which would mean an extra \$1.6 million would be permanently added to faculty base salaries.
 - b. Faculty incentive reduction was noted for faculty below a 50% salary support average over three years will lose portions of their incentive, with a progressive reduction system in place with a third being lost each year. There were expressed concerns about the policy changing departmental metrics and noted that the School of Medicine Compensation policy hasn't been strictly followed in recent years.
 - c. There were also concerns about the common practice of new assistant professors having 10% of their salary in the incentive category, arguing this could discourage junior faculty from staying at the institution
 - d. The committee discussed the Faculty Research Achievement Program (FRAP) as an additional support mechanism for those exceeding 50% coverage. The funding source for this is from SOM and not the departments. This was thought to be a modest carrot opposite the stick discussed above for increasing salary coverage.

- e. However, the discussion highlighted concerns about the incentive plan's structure and whether it aligns with university bylaws requiring Senate review.
5. Another topic for this year was about ORTM's announcement of increased animal care costs and impact on research and discuss data on how CWRU compares to other universities. Dr. Hodges shared data that CWRU is already one of the highest universities of 43 recorded in animal costs and the highest in the region. This increase will negatively impact research production at CWRU. This is due to CWRU not wanting to subsidize costs to the ARC but this is a common practice in all medical schools so CWRU is just trying to save money while putting the cost on the investigators. This is a common occurrence lately at the institution. Trying to make ARC complete tasks more efficiently is one possibility to reduce costs.

Below are the minutes from each meeting so the steering committee and faculty council can read them over at their leisure.

Minutes of the June 18th, 2025 meeting of the Faculty Council Committee on Budget, Finance and Compensation

1. We approved the minutes from May with minor edits
2. Paul Bristol presented a powerpoint presentation he had shared with the SOM department chairs. Paul mentioned that the Departments had cut their budgets in the FY26 budget they already turned in, but the university's margin target and other factors required additional reductions. There were several financial prediction models moving forward and SOM is focusing on Model 3 which anticipates a 20% reduction in research awards and a reduction of IDCs to ~50-57% which would lead to a \$60 million revenue loss for FY26. In addition, the University requested a margin target of \$13.9 million for FY26 which is \$10 million more than what the SOM was able to achieve for FY25. This increase in margin is most likely due to the University wanting to have a buffer for SOM potential losses in FY26. Due to these predictions and changes the SOM needs to reduce its budget by \$25 million for FY 26. Paul Bristol indicated all units (not just departments) in the SOM would be asked to cut budget (includes things like Dean's administration, marketing and development offices).
3. While all departments were asked to cut budgets, a formula (fair and consistent approach) that was equal across all departments was used (but not really defined). The bigger the department most likely corresponded to bigger cuts BUT previous budget cuts were taken into account in this formula. Most departments were asked to cut their budget by 20-50%. It is up to the departments on how to make these cuts using both salary and

non-salary components. Sam Xiao stated that even if his department of pathology cut all the administrators that this would not make up for the \$1 million dollar budget cuts the SOM was asking for. Paul stated that he and the dean understand this point and a “good faith” effort is needed to reduce departmental budgets but that the cuts should make it so that the research operations couldn’t occur in the department. The proposed budget adjustments are required by August 1st to take effect by October 1st.

4. There was still no final news on NIH budget cuts or a new IDC rate. Craig pointed out that making predictions of IDC rates at 50-57% without any facts could be dangerous for budgets. He felt like the model 3 predictions mentioned above were a best case scenario. Further changes to FY26 budget may occur when NIH cuts and IDC rates are known. Even though after this recent budget cut there may be no places to cut more without making the departments nonoperational. Paul mentioned plans to centralize pre-award functions to absorb potential layoffs.

5. There was some discussion of higher paid faculty and administration (those making over \$500K and \$1 million taking voluntary 5-10% pay cuts but savings would only amount to ~\$1 million.

6. There are 9 planned SOM faculty hires for FY26 and these are all replacement hires which would replace retired or moving faculty. While hiring 0 faculty would save money, Paul pointed out that this was requested by the department chairs and it is not his decision. Any new hires would have startup packages but spending allowances would be proposed by rank so there is more even spending patterns.

There was no July meeting

Minutes of the August 22nd, 2025 meeting of the Faculty Council Committee on Budget, Finance and Compensation

1. A short introduction of all members was completed as we had a few new members with the start of a new year.
2. We approved the minutes from June.
3. Paul Bristol presented a powerpoint presentation that was the most recent information from fiscal year ending June 2025 and gave us some outlooks for the next fiscal year 2026. One of the biggest take aways was that the SOM finished the previous year \$6.6 million in surplus. While this was lower than the CWRU requested \$9.4 million, this was considered quite the success story considering late in the fiscal year Paul didn’t know if we would make \$5 million. Paul gave all the credit to the departments that made requested cuts.
4. For the current fiscal year 2026, the margin target was set by the university to \$13.9 million. Paul suggested that ~\$25 million reduction in budget was necessary to come anywhere close to meeting this margin. The departments were asked to make cuts for this fiscal year and 90% of departments met at least 50% of the target cuts while 50% of departments met at least 75% of the target cuts. Paul thought this was quite successful and is hoping no further cuts to departmental budgets will be necessary IF the proposed NIH budget that went through senate appropriations

committee held (1% increase for NIH over last year). In the SOM, 7 planned staff reduction in force was implemented which was far less than other schools we were told. Paul did predict that if the SOM was between 0 (break even) and \$4 million over this next year, he would consider this a win. He sincerely doubted there was any way to get to the ask of \$13.9 million.

5. Paul also mentioned that CWRU's new indirect cost rate (IDC) was done being negotiated but he could not tell us what the final number was. Given that his prediction was previously between 57-61%, we can hope that this was true. We hope to learn the new IDC rate soon. (We learned later the new IDC rate is 57%).

6. There was a brief discussion on the question of who gets to decide if a PI can lower their effort on a grant once the grant is already awarded. The SOM has sent out a document with standard efforts to add on to different grants at the NIH which most PIs found helpful. However, if a PI would like to reduce their salary on an award to provide necessary effort for staff in the lab this would need to be approved mainly by the department chair (and sometimes the Dean). It was discussed that there are so many moving parts with the department budget with the reduction in effort hurting the department overall and require other labs to "make up" for that effort which could lead to an equity issue among faculty. Reducing PI efforts on grants should only be approved in special circumstances by the chair.

7. Matthias made an inquiry about the new incentive plan that recently rolled out in the SOM. Paul mentioned that there were 53 faculty at risk for salary reductions but the chairs appealed many of these with a good portion of the appeals granted. Paul did not mention a final number of salary reductions that were instituted. Paul did mention however that the incentive program would be modified this year to reward those faculty who exceed salary coverage by giving them a personal discretionary account which may motivate more faculty to increase coverage on grants.

Minutes of the September 18th, 2025 meeting of the Faculty Council Committee on Budget, Finance and Compensation

1. We approved the minutes from the August meeting of the CFBFC.
2. The chair discussed updates from the federal side for NIH budgeting for 2026. Both the Senate and the house rejected the White House's request to cut NIH budget by 40%. NIH Budget to start in October would largely remain the same as last year with a possibility of a 1% or \$400 million increase if the senate appropriations committee suggestions go

through. The house proposal did not include that raise. ARPA-H (advanced research projects Agency for Health) is proposed to be cut by 37% and CDC is proposed to be cut by 19%. Final funding levels should be done by the end of September but we are not sure with the looming government shutdown.

3. The committee discussed updates from CWRU SOM for the current fiscal year. It was confirmed that the IDC rate negotiated with the government is now 57% for 4 years (rather than 61%) but this was still thought to be a win overall for CWRU. There was some discussion of whether that less money would be absorbed by the university or SOM but we weren't sure.

4. There was some discussion about the incentive plan that rolled out in SOM. Letters were received this past week by faculty in SOM who were endangered of having salary reductions based on the past three years of funding.. specifically if they did not meet the 50% salary coverage off of grants. Although the chairs were cc'd on these letters they did not receive them beforehand which seems like an oversight that should be corrected before next year. However, getting notice 1 year in advance is a positive change since now the faculty can try to adjust grants or teaching to get over the 50% salary coverage goal. The topic of the incentive plan's specific rules and changes as well as teaching coverage should be better defined in the incentive plan will be a future topic of this committee. Comparing this incentive plan with other SOMs would be helpful as well.

5. Given that some of the salary coverage can be made up by completing more teaching there was an extensive discussion about what counts as teaching under the incentive plan as well as what faculty get credit for in teaching in general. Ming Wang mentioned a document that will she shared that denotes how many teaching hours should be given for each medical school teaching activity which was very helpful.

6. On the topic of teaching, Bill Merrick brought up where should undergraduate or master's programs teaching credit should be included as those are not listed in the incentive plan currently and those do bring in revenue. Then we discussed that PhD student teaching and mentoring is most likely included in most departmental metrics but not the incentive portion of salary. We also discussed that clinical faculty also do a lot of teaching at the bedside of not just medical students but also fellows and residents... so teaching takes all forms. The clinical faculty are being squeezed for time these days by the hospitals so they may not have time to teach in the classroom setting.

7. There was a discussion of if the specific amount of teaching per faculty member should come from the Chair or the Dean. This should probably be handled on the Chair

level with the Chair having discussion with specific faculty on the teaching contributions when compared to the grant coverage etc.

8. Completing an internal salary comparison between rank and gender was something that should be completed over this next. There were positive comments that this should be done as well as external comparisons on rank and how to complete those comparisons. Even though there are big differences between departments, the best numbers to use externally are probably from all basic science departments used by AAMC. For CWRU we would focus on PhDs in basic science departments. We did not discuss if the whole nation should be used versus regional and if all private schools numbers should be used versus all schools. This will be followed up on a future meeting as well.

Minutes of the October 16th, 2025 meeting of the Faculty Council Committee on Budget, Finance and Compensation

1. We approved the minutes from the September meeting of the CFBFC.
2. Dr. Hodges announced that Dr. Ming Wang has graciously accepted the invitation to serve as vice chair of the CFBFC and will become chair in July 2026.
3. Dr. Hodges gave an update from the University Finance Committee that he attended 9-19-25. The main points discussed are listed below:
 - a. CWRU is not subject to the new endowment tax as we ONLY have \$209,370 per student vs. the \$500,000 per student needed for this tax to take place.
 - b. CWRU has had a positive overall operating margin of at least 1.5% for 18 straight years
 - c. The new F&A rate of 57% rather than 61% (for 4 years). However Paul Bristol discussed that a new way of figuring out indirect costs may be coming in which they are applied for on a grant per grant basis rather than have one rate for the whole institution. Craig commented that this would be a lot more work for the PI but Paul suggested that there might be a gradual switch over to this new way of figuring out IDC rates and the university would have to prepare for such a change.
 - d. For fiscal year 2025-SOM was 6.5 million in the black but still 2.8 million under what was budgeted. SOM budget for 2026 is 13.8 million surplus.
 - e. Jon Carlson had said all surplus is kept in a “savings account” for each school to pay for renovations and startup packages. Paul Bristol confirmed this was the case but it is bit misleading as SOM needs permission to use the money on very specific costs.

- f. Craig also asked about indirect costs as Jon also mentioned ALL indirect costs go to each school and not the university. Paul said while this was true, the university taxes each school for things so that is how they get their chunk of indirect costs back.
4. Dr. Merrick gave an update from the University faculty senate compensation committee and showed slides he was planning on presenting to the provost. There was discussion that CWRU's faculty compensation/salaries were below the AAU levels and there were nonexclusive suggestions to increase the salary pool to 6% CWRU faculty to attain AAU averages in 5 years or 4% increases to reach that AAU averages in 15 years. Also a 15% increase of salary for promotion to associate professor and a 20% increase of salary for promotion to full professor might also bring salaries to AAU levels. The main point was for the provost to have a concrete plan on how to accomplish the goal of getting CWRU faculty salaries to AAU values. There was also discussion of when salary can be increased or decreased per the wording in the faculty handbook as well as different definitions of what salary is. A push for having one definition was suggested. Last, Dr. Merrick showed a slide showing that if you compare what is put into the fringe pay by faculty versus by staff, that the staff are contributing less but getting much more when you look at benefits and tuition usage. The committee was thought that this last slide might not be well received by the administration especially since the asks about faculty compensation in the previous slides might already stress resources.
5. Paul Bristol gave a brief update on the SOM finance so far through the first quarter. He described the situation as stable but not the best conditions. Non NIH money is down \$4 million to date. NIH research money is also looking worrisome considering the delays by NIH and now the shutdown of the federal government. Proposed cuts by departments to their budgets are really helping SOM to try to stick to the proposed budget but it is unlikely to keep up given that the surplus usually decreases as the year goes on. Right now it is 19.6 million projected but that will go down.
6. Paul mentioned changes to the incentive plan will be mentioned by Dean Gerson at his state of the school address in November that would introduce discretionary accounts for high achieving faculty but no specifics were given at the current meeting. Dean Gerson will elaborate at his state of the school address.
7. The last part of the meeting was the discussion of up-front funding of NIH grants that has been mentioned over the past year as a directive of the current administration. It seems that 25% of NIH grants will be funded up-front (money for all years of the grant are given at the beginning) in 2025, 50% will work this way in 2026 and by 2027 100% will be funded up-front. This will lead to a decrease in fundable %s that are already really low. There was concern that this will drastically affect faculty's ability to garner NIH funding and eventually have a negative effect SOM's finances. While the 2026 budget is already set for the University and SOM, it was suggested that some acknowledgement of this major change be put in place for future budgets and consideration of the herculean efforts it will now take to receive NIH grants. This point will be discussed further at future meetings.

Minutes of the November 20th, 2025 meeting of the Faculty Council Committee on Budget, Finance and Compensation

1. We approved the minutes from the October meeting of the CFBFC.
2. The committee discussed updates from the university faculty senate committees on Finance and Compensation.
 - a. From the Senate compensation committee, Dr. Merrick presented a statement from the committee that says the following :” "Although the school has “published” its stated policy, it does not adhere to it and recently has added changes to the policy that have not been vetted by the school’s Faculty Council nor approved by the Council. It would appear that the school has adopted a random plan on an annual basis for increasing or decreasing salary. It is recommended that the Dean should present a comprehensive plan to the Faculty Senate for input and possible approval as well as a check on whether the policy is consistent with the Faculty Handbook."
 - b. From the finance committee, the finances of the school of law was presented in October, the school of engineering will be presented in November and SOM will be presented in the December. Dr. Hodges mentioned that he attended the daylong event Finance academy that Brian Burnett the CFO put on and it was very transparent about the budget and finance operations of the university. In short, CWRU’s finances seem stable and not as bad off as other AAU institutions.
3. Next the committee discussed the recent announcement that an extra \$8 million needs to be cut in the SOM 2026 budget. The exact amount each department has to come up with has not been announced but that will difficult considering the departments already went through multiple cuts last year. We hope to hear more from Paul in the next meeting in December.
4. There was a brief discussion about the potential changes to the faculty compensation incentive plan. The Dean did not mention any specifics at his State of the School address and Paul Bristol emailed a reply to Dr. Hodges saying that specifics were not set and we could wait until December to discuss. It was mentioned that since the average coverage of SOM faculty was down to 45% that this might be the new “line” to be above so that incentives wouldn’t be cut but that is not written in stone yet. Defining what incentive actually is with the administration does need to occur. If incentive pay is for those that cover a certain percentage of their salary over the past three years then why are new

faculty given incentive pay when they have not covered their salary at all for the past 3 years. Essentially this is just adding money to their salary that can be taken away later rather than a true incentive. We hope to discuss this more in the December meeting.

5. The committee discussed the transition of NIH instituting up front or forward funding grants for an increasing number of their grants over the next 3 years. We discussed that while this might not be such a bad plan to up front pay NIH grants long term, the short term pain of having much lower paylines (~4 years) will be tough on investigators and CWRU. While the overall census from the group was that everything we have observed pointed in the direction of forward funding grants at NIH, there has not been direct confirmation from the current federal administration on how this would be implemented. There is still a lot up in the air about this potential policy.

Minutes of the December 18th, 2025 meeting of the Faculty Council Committee on Budget, Finance and Compensation

1. We approved the minutes from the November meeting of the FCBFC.
2. The committee discussed updates from the university faculty senate committees on Finance and Compensation.
 - a. From the Senate compensation committee, Dr. Merrick presented a proposal to increase faculty salaries by 6% over 5 years to get average salary to AAU or AAMC means for comparable schools. In addition, a 15% increase in salary for promotion to Associate professor and a 20% increase in salary for promotion to Professor. This was defeated /declined by the president due to financial concerns. There was also some discussion about the definition of salary. It was suggested the total salary on the faculty appointment letter should serve as the preferred definition of salary.
 - b. From the finance committee, there were no updates.
3. There was a discussion on the letter that the faculty council sent to President Kaler stating that more budget cuts to SOM would impede the ability to apply for more grants and manage the ones we have. Paul Bristol expressed gratitude to the Faculty council for sending the letter as the President did seem to take the letter seriously and is willing to work with SOM on the amount of surplus SOM needed to budget for FY2026. Paul mentioned that he hopes the budget methodologies used by the university can be changed for next year so SOM does not end up with major budget cuts like we did this year.

4. Paul Bristol gave an update on Q2 and that SOM is currently tracking round \$2.2 to \$2.5 million surplus through November. There were major concerns about research funding levels that have declined by about \$10 million from the expected run rate. It was acknowledged that the 1 month government shut down did exacerbate this so it may take another month or two to figure out where SOM really stands with funding compared to expected rate.
5. The initial margin number for SOM was \$14 million for FY 2026 but that may be reduced by the president. The final number of the margin needed by SOM is not known but Paul will share that with the committee once he receives it.
6. The committee also discussed that the university is requiring that all promotions come from the overall merit pool which would really reduce raises in departments with several faculty being promoted. This makes a difficult situation for department chairs and not being to give high performers even an average raise in years where several promotions are being executed. This committee agreed this policy is not acceptable and we will push back on this. SOM has tried to push back as well but the university is not requiring this policy to go into effect.
7. Last, it was announced that there will no meeting in January do to a previous meeting that Dr. Hodges has and they will meet in February where they hope to get an update on any incentive plan modifications for the current and upcoming years.

There was no January meeting

Minutes of the February 19th, 2026 meeting of the Faculty Council Committee on Budget, Finance and Compensation

1. We approved the minutes from the December meeting of the FCBFC.
2. The new members from Central's Finance Team introduced themselves and the questions sent from the FCBFC to them before the meeting (The questions and answers are sent in a separate document).
3. One important update we learned from the Central team is that at the end of Q2 close the SOM is projected to have only \$750K in surplus compared to the \$13.8 million budget set at the beginning of FY26. This team is looking at ways to increase the surplus before the close of FY26.
4. A short discussion was held on last year's incentive plan and the results of how many faculty actually had their incentive reduced (17 faculty in FY25). The plan is changing for FY26 but we had not heard of the changes by this meeting.

5. There was a brief discussion about ORTM's announcement of increased animal care costs and impact on research and discuss data on how CWRU compares to other universities. Dr. Hodges shared data that CWRU is already one of the highest universities of 43 recorded in animal costs and the highest in the region. This increase will negatively impact research production at CWRU. This is due to CWRU not wanting to subsidize costs to the ARC but this is a common practice in all medical schools so CWRU is just trying to save money while putting the cost on the investigators. This is a common occurrence lately at the institution. Trying to make ARC complete tasks more efficiently is one possibility to reduce costs.

Minutes of the March 19th, 2026 meeting of the Faculty Council Committee on Budget, Finance and Compensation

1. We approved the minutes from the February meeting of the FCBFC.
2. Central's Finance Team discussed positive budget projections for FY26 showing a potential surplus of \$7-10 million by fiscal year-end, with approximately half of this coming from endowment reallocation and the other half from operational improvements and cost-sharing adjustments. This was compared to a projected surplus of \$750K at the end of Q2. Rose Kelly and Jon Carlson explained that the improvement stems from better accounting practices, timing adjustments for expenses, and a January cost-cutting initiative that departments are maintaining. The group discussed how endowment funds are being strategically used over multiple years to provide operating relief while addressing departmental needs for faculty hires and startup packages in fiscal year 27.
3. The committee next discussed the changes to the Dean's faculty incentive plan. There were several areas of discussion:
 - a. changes to the incentive plan, include a reduction in the maximum incentive cap from 17% to 12%, which would mean an extra \$1.6 million would be permanently added to faculty base salaries.
 - b. Faculty incentive reduction was noted for faculty below a 50% salary support average over three years will lose portions of their incentive, with a progressive reduction system in place with a third being lost each year. There were expressed concerns about the policy changing departmental metrics and noted that the School of Medicine Compensation policy hasn't been strictly followed in recent years.
 - c. There were also concerns about the common practice of new assistant professors having 10% of their salary in the incentive category, arguing this could discourage junior faculty from staying at the institution
 - d. The committee discussed the Faculty Research Achievement Program (FRAP) as an additional support mechanism for those exceeding 50% coverage. The funding source for this is from SOM and not the departments. This was thought to be a modest carrot opposite the stick discussed above for increasing salary coverage.
 - e. However, the discussion highlighted concerns about the incentive plan's structure and whether it aligns with university bylaws requiring Senate review.

4. The last point of discussion for this meeting focused on salary pools and promotion processes within the School of Medicine. Craig Hodges raised concerns about how promotion raises affect departmental salary pools, noting that including promotion increases in merit pools could negatively impact other faculty members' raises. Jon Carlson explained that while the current system includes promotion raises in the overall pool, there has been discussion about potentially separating these, though Jon noted this would likely reduce the overall pool available for merit raises. The group also discussed how the School of Medicine's higher external funding (50% vs other schools) might provide more flexibility in managing salary pools, and it was suggested that different schools with varying financial health could potentially have different raise pools.

Minutes of the April 16th, 2026 meeting of the Faculty Council Committee on Budget, Finance and Compensation

1. We approved the minutes from the March meeting of the FCBFC.
2. Rose Kelly from Central's Finance Team discussed positive budget projections for FY26. There is an estimated \$8 million margin for Q3 and a projected margin of \$11 million by fiscal year-end, with approximately half of this coming from endowment reallocation and the other half from operational improvements and cost-sharing adjustments and assistance from central university.
3. The committee discussed the Dean's faculty meeting from earlier in the day and discussed how the Dean emphasized that SOM used to get about 65% of its funding from NIH but that is dropping. The Dean suggested applying to other funding agencies like foundations or even biotech or pharm companies for funding. While there was a discussion about indirects being lower from those sources of funding there seemed to be a consensus that CWRU and SOM would allow us to accept those funds because some money is better than no money. Also the Dean seemed to be very supportive of getting other sources of grant funding.
4. There was also discussion about the endowment and how using money from endowments (of which there are over 900 for SOM) can be tricky depending on each one. Rose suggested it takes about 1 hour to go through 10 of them so this will be a multi-year process. Cliff reminded everyone that most endowments are for specific purposes so SOM can't just spend the accumulated money in them unless they are legally authorized to do so. So while this could be a source of money for SOM, each one will be assessed on what can and cannot be done with the money.
5. It was mentioned from Matthias that it was agreed upon for this year at least at the senate excom meeting that promotions would not count against the raise pool which is a great thing. Hopefully they will continue that. Rose suggested news of a

continuance of this would come from the provost. FY27 raise pool is reported to be 3%.

6. Dr. Kazura updated the committee on new requirements from NIH collaborations with international colleagues and those done in the field in other countries. The administrative burden on the PI has increased tremendously and may lead to fewer international studies being completed. Also, such obstacles seem to be increasing in NIH that dissuade international collaborations. Dr. Hodges suggested that the current federal administration knew what they were doing for this purpose to decrease international collaboration even though they say that they want international collaborations.
7. Dr. Hodges went through his potential presentation to faculty council for their May meeting with the committee. Everyone gave good suggestions for edits which Dr. Hodges was thankful for.