

INCENTIVE PAYMENT PROGRAM FOR RESEARCH POLICY

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Overview

Faculty members who do not have a research faculty appointment and who achieve success at generating extramural research funding may be eligible for an incentive payment program for research (IPR). An incentive plan means additional compensation paid to an employee as merit pay and is not part of an employee's base salary. The research incentive excludes royalties, fee from copyrights and patents as well as monetary awards, honors or prizes. Final determination of what external funds are considered eligible for an incentive rests with the campus Chancellors. Payments under the IPR are subject to the availability of University funds and to any applicable state or federal laws, regulations and policies. Modification to any aspect of this program may be implemented at any time as determined by the campus Chancellor in consultation with the University President. The University, at its sole discretion, can eliminate this program with or without notice.

Purpose of Plan

1. To recognize and reward faculty who successfully compete for research grants and contracts.
2. To provide incentive for faculty to compete for and secure external research funding.
3. To raise the total level of institutional research funding, in terms of both indirect and direct dollars.
4. To increase compensation for successful grantees.

Eligibility

Eligible faculty includes those with at least a .5 FTE appointment and those that do not have a research faculty appointment. Faculty with less than a .5 FTE appointment will be considered on an individual basis. In order to qualify for a research incentive, a faculty member must have a portion of their non-teaching component of their salary funded by an external research grant or contract in which they are either the PI or Co-I. To qualify, each year the faculty member must still perform other duties as assigned by the unit head and must meet or exceed expectations for duties related to their faculty assignments. Incentive pay is not intended for faculty to abandon existing duties or to decline new responsibilities that might reasonably be expected of them.

To be eligible the faculty member must also demonstrate proper fiscal and administrative management of all grants/contracts in which he/she is the PI or Co-I including: compliance

with all relevant institution, state and federal research-related policies; and completion of time and effort reports in a timely and accurate manner as determined by the unit head and/or the Roseman University Research Administration Office.

Any incentive is a temporary adjustment that is calculated annually and is not a permanent increase to an employee's base salary. The faculty member should apply for an incentive with the unit head before the date when effort and salary is charged to the eligible grant. Once received and approved by the unit head the application is submitted to the Research Administration Office for an incentive pay calculation.

Final approval of any incentive compensation depends on the availability of funds and may be suspended or removed by the University at any time. Incentive compensation may also become null and void if there is untimely effort certification, retroactive changes of funded effort, sponsored project over-expenditures and/or if cost sharing requirements are not met or if the researcher fails to comply with University policy and federal/state regulations. Resignation or termination of Roseman employment automatically terminates any obligation for Roseman to make any incentive payments effective on the last day worked, if different from the termination date.

Eligible Grants

Eligible grants include federal and state grants that charge at least a portion of the salary to a grant and other extramural sources such as foundation or industry grants. Earmarks, non-competitive grants, gifts, fees for services, testing service contracts, internal/intramural awards and voluntary cost sharing are excluded from IPR eligibility. If ICR is not included in the grant, then an 8% surcharge will be added as an expense and subtracted from the incentive payment. More than one grant can contribute to the IPR calculation. Only those grants routed and approved by the official Roseman processes will be considered eligible for IPR. The campus Chancellor has the final authority to determine which grants or contracts apply for IPR.

How does IPR work?

The basic source for an incentive payment is institutional funds freed up by salary support included in a grant or contract. To qualify for an incentive, external funds must cover a portion of the individual's base salary and any additional costs incurred, such as a reduction in a faculty member's responsibilities (e.g. teaching, clinical or administrative). Other additional costs which may be subtracted from the incentive payment include but are not limited to faculty startup costs, travel assistance, technician time, stipends for students and research costs not covered by the grant. If indirect cost recovery (ICR) is not included in the grant, then an 8% surcharge will be added as an expense and subtracted from the incentive payment.

Incentive payments will then be calculated at 50% of the net amount recovered in salary from

external sources minus any additional expenses incurred by the University to support the faculty member's grant effort. A faculty member may receive an incentive payment up to a maximum of 25% of their salary base within the National Institutes of Health (NIH) maximum salary grant allowance. The NIH salary cap is published in January of each year and may be found at the following link: https://grants.nih.gov/grants/policy/salcap_summary.htm. Incentive payment(s) shall not modify the faculty member's base salary and shall not be paid from sponsored project funds, but from University funds offset by external funding. No verbal commitment to participate or pay under the program is binding and only the final signatures of all required parties shall constitute a commitment under the program. Modifications to any aspect of this program may be implemented at any time, as determined by the Chancellors in consultation with the University President.

Who approves incentive pay?

Incentive pay requires approval by the unit head and the respective Chancellor. To be approved, a faculty member must have received "meets expectations" in all categories of their last annual review and demonstrate appropriate management of grant objectives with proper fiscal and administrative management.

Payment will occur in the fall of the following academic year provided the grant is in good standing and adequate grant funds have been received. Payment is received as a lump sum and is subject to the applicable federal and state taxes and FICA withholding.

Examples of Incentive Pay Calculations

Example #1:

A faculty member earning a \$100,000 receives external funding to pay for 10% of their base salary to work on a sponsored project during the fall and negotiates with the unit dean to have an adjunct faculty member teach for her that fall. The grant includes an ICR of 43%. The faculty member's base salary is \$75,000 plus a \$25,000 administrative stipend. The total amount of salary offset is \$7,500. The cost of an instructor to teach during the fall is \$2,700.

Salary Savings= \$7,500

Adjunct Instructor Cost to University = \$2,700

Net Salary Savings= \$4,800

The faculty may receive up to \$2,400 in incentive pay. (50% of the net salary savings minus the instructor cost)

Example #2:

A faculty member's institutional base salary is \$100,000. He is a Co-I on a grant that pays for

10% of his time to conduct research which does not interfere with his teaching or other assigned academic duties. No ICR is included in the grant.

Salary savings = \$10,000

50% of net salary savings = \$5,000

8% ICR surcharge (.08 x \$10,000) = \$800

\$5,000 net salary savings - \$800 ICR surcharge = \$4,200

The faculty member may receive up to \$4,200 in incentive pay (50% of the net salary savings minus the ICR surcharge).

Example #3:

A faculty member earns \$100,000 in an institutional base salary and another \$40,000 from his 20% effort as a clinician in the University's faculty practice. He receives a grant with salary support of \$30,000 and ICR at 8% but needs to reduce his practice time by 50% to meet the obligations of the grant.

Salary savings= \$30,000

Loss of clinical revenue = \$20,000

Net Salary Savings= \$10,000

The faculty member may receive up to \$5,000 in incentive pay (50% of net salary savings).