FACULTY INCENTIVE PLAN
Missouri University of Science and Technology
For Period 7/1/2016 to 6/30/2021

Goals

Consistent with Missouri S&T’s strategic plan, the intent of the faculty incentive plan is to:

- Encourage the generation of externally funded grants, contracts, and similar new resources;
- Reward and retain high-performing faculty;
- Encourage the highest level of performance from faculty.

Definition

Faculty incentive pay is a payment based upon performance measures; specifically, the ability of faculty to cover a portion of their Institutional Base Salary (IBS) by the generation of externally sponsored grants, contracts, and similar new allowable sources as identified below. In general, incentive payments are made from allowable sources of funds which are generated by the faculty member’s own efforts. Incentive pay supplements one’s institutional base salary. It is paid within the 9-month academic year but does not reflect reportable effort. In other words, incentive pay is a one-time incentive paid within an academic year. Incentive pay is not extra compensation earned by performing duties beyond one’s usual workload within an academic year appointment.

Eligibility

Any tenure/tenure-track or NTT faculty member, with a primary title as faculty, is eligible to participate in the faculty incentive plan, including department chairs (specifically, faculty with job codes 890, 930, 1170, 1700, 3148, 3315, 3481, 3503, 7142, 7144, 7146, 7160, 7676, 7677, and 7690). Full-time administrators, with an administrative title such as a Vice Provost and above, are not eligible to participate.

Eligible faculty may participate in the incentive plan when they meet specific performance measures, defined by the ability to cover a portion of their salary. To be eligible, faculty on 9-month appointment must have funded a minimum of 2/9 of their Institutional Base Salary in the summer prior to the deadline for identifying the source of incentive funds, as defined below. The summer salary support must be paid from faculty generated accounts (e.g. from grants, contracts, indirect return, etc.). In the special cases where faculty are paid 2 months of summer salary from General Revenue Allocation (GRA) funds for administrative and/or teaching duties, they must provide themselves with an additional 1/9 of their academic year salary paid from their faculty generated accounts. Tenure/tenure-track faculty on 12-month administrative appointment must offset at least 1 month of their appointment from their eligible faculty generated accounts in order to participate. The funds from the 1 month offset will be retained in the department to cover the administrative load. Non-tenure-track research faculty on 12-month appointment must cover at least 1/6 of their 12-month salary (i.e. 2-months) from grants and contracts on which they are principal
 investigator. Salary offsets must be paid before the deadline for identifying sources of incentive funds.

**Sources of Faculty Incentive Pay**

Allowable sources for incentive pay include indirect return funds, closed fixed price chartstrings, and distance and continuing education revenues generated by the faculty member receiving the incentive.

Funds from GRA accounts and grants/contracts cannot be used as incentive pay, because salary paid from GRA accounts and grants/contracts must reflect reportable effort (See UM System Accounting Policies and Procedures - Policy Number APM-60.37 and consistent with Federal policy – OMB Uniform Guidance). In the case of grants/contracts that have specific funds budgeted for course release, these funds should be used to pay for the release of teaching effort. However, if the course release is not taken and the faculty member continues to teach a full course load, then the faculty member may request, with approval from the Department Chair and College Dean, to transfer a portion of the general revenue funds budgeted for teaching to the department's incentive fund. It may then be used to pay the faculty member's incentive. The portion of the GRA funds that may be transferred is up to the full salary released minus benefits and cannot be larger than the release time paid by the faculty member. The released benefits will remain with the department. This is the only instance where GRA funds may be used to fund the incentive payment.

Endowments or other charitable gift accounts, including endowed professorships, may also be used to fund incentive pay when they are specifically authorized by gift agreements or legal documents to allow for salary enhancement. If gifts, endowments, or other foundation accounts are proposed for incentive pay, then an in-depth review of the fund(s) will be conducted by the College and the Office of University Advancement. If the funds are deemed compliant, then the incentive pay must be approved by the College Dean, and the Vice Chancellor for University Advancement.

**Implementation**

The maximum amount of incentive pay allowed each year is 30% of one’s institutional base salary. This institutional base salary does not include incentive funds awarded during previous years (See UM System Accounting Policies and Procedures - Policy Number APM-60.37 and consistent with Federal policy – OMB Uniform Guidance).

Incentive pay will normally be paid from a 0000 fund maintained by the faculty member’s home department. Each year, eligible faculty may request that funds are transferred to the department’s incentive chartstring from funding sources as identified above, subject to the approval of the Department Chair and College Dean. The Department Chair and College Dean shall consider the following criteria in determining whether to approve the request for incentive compensation:

1. whether the faculty member has met the eligibility requirements;
2. whether eligible funds exist to fund the request;

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(3) whether the amount of the request exceeds 30% of institutional base salary.

This request will be processed through a Faculty Incentive Request Form submitted by the faculty member. Unless otherwise specified the deadline for submitting the Faculty Incentive Request Form will be April 30th. Transferred funds will be used to pay the faculty member’s incentive. The College Dean will review and authorize the transfer of money to the department’s incentive chartstring. The use of a separate chartfield string in each department helps to provide better oversight and ensure that appropriate funds are available before they are paid. If the College Dean is uncertain whether funds are eligible to be used for the incentive, s/he may refer the issue to the Provost. Funds should be made available in the chartstring by an annual deadline set by the University preceding the fiscal year in which they will be disbursed. Sufficient funds should be made available to pay the incentive over the entire year. Please note that incentive pay is subject to Federal withholding, but not University benefits.

Consistent with UM System Accounting Policies and Procedures and with Federal Policy, incentive pay cannot count toward retirement calculations and cannot be used to determine summer salary (See FAQ). All summer salary calculations will be based on the faculty member’s institutional base salary (i.e., base salary excluding any previous incentive pay).

To give an example of how the incentive might be paid, consider plan-eligible Faculty Member X, whose institutional base salary is $90,000 and who meets the eligibility criteria identified above. Faculty Member X may be paid up to 30% of his or her institutional base salary as incentive (i.e. 30% of $90,000 or $27,000). Before the deadline, Faculty Member X submits the Faculty Incentive Request Form to apply for the incentive. If approved, an additional pay form is filled out by the department with the code INC, for the incentive that may be received on a one time basis or in monthly increments.

Oversight

Non-typical proposals for incentive pay (i.e. other than those defined above) will be reviewed by the College Dean, the Provost, and the Vice Chancellor for University Advancement (when the incentive funding source is a gift account).

All sources of funds used for incentive pay will be reviewed annually by the College Dean and Campus fiscal officers.

Review

The faculty salary incentive plan will be reviewed at least every 5 years. The review will be performed by an ad hoc committee formed by the Provost for this exclusive purpose. This committee will recommend changes to the faculty salary incentive plan if any changes seem appropriate. The faculty salary incentive plan must have chancellor and presidential review and approval every five years, or whenever the process is modified. A first-year program review is recommended at the end of FY17, in order to assess the effectiveness of the initial implementation.
Responsibilities

- Faculty member: Meet or exceed the performance measure to become eligible to participate in the incentive plan. Submit the Faculty Incentive Request form to apply for the incentive.
- Department chair: Review and approve the Faculty Incentive Request Form. Approve transfer of compliant funds to the departmental incentive chartstring after receiving approval from College Dean.
- College Dean: Review and approve transfer of compliant funds to departmental incentive chartstring. Review funds for compliance.
- Provost: Review special exceptions, non-typical proposals and routine review.
- Chancellor: Conduct a review of the incentive program every five years.
- Office of Sponsored Programs, Compliance Officer: Responsible for the compliance of external funds.
- Vice Chancellor for University Advancement: Verify appropriate use of gift funds for incentive pay.

Provost

Chancellor

President

Date

3/5/16

5/20/16

3/11/16