**Faculty Incentive Compensation for UPPS 02.02.04**

**Externally-Funded Sponsored Programs Issue No. 1**

 **Effective Date: 08/17/2023**

 **Next Review Date: 12/01/2028 (E5Y)**

 **Sr. Reviewer: Vice President for**

 **Research**

**POLICY STATEMENT**

*Texas State University is committed to offering faculty research incentive compensation to foster ongoing research and service initiatives within the university community.*

**01. BACKGROUND INFORMATION**

* 1. Texas State University is aware that faculty members and other members of the university community have the interest and ability to develop robust research, training, and service projects that can generate substantial amounts of external funding. The university has approved the following policy and procedures for addressing research incentive compensation.
	2. Research incentive compensation is calculated on a semester basis (fall or spring only) and serves as a one-time supplement to the regular compensation of a principal investigator (PI) or co-investigator (Co-I). Incentives are not considered creditable compensation for retirement purposes and are subject to all applicable federal and state taxes and withholdings. Incentive compensation does not affect a PI or Co-I’s eligibility for merit or other salary adjustments.
	3. Sponsored program funds may not be used for research incentive compensation. Only university funds made available through funding equivalent may be used for such payments.

**02. ELIGIBILITY**

**02.01 The PI or Co-I of an externally-funded sponsored program is eligible for incentive compensation. Some of the funding made available for payment** of the PI or Co-I must be paid from Education and General (E&G) funds. Only funding made available by E&G funds is considered for incentive compensation purposes and procedures.

02.02 Incentive compensation for a faculty PI or Co-I with assigned administrative duties is based on the faculty portion of the base salary directly related to instructional duties. Administrative and instructional duties are verified by workload reports. The maximum an assistant or associate dean or chair or director may buy out is 50 percent of their salary.

02.03 A **PI or Co-I may not buy out instructional workload and receive compensation or future workload credits for a teaching overload in the same semester.**

**02.04 The salary and fringe benefits of the PI or Co-I must be paid by an externally-funded sponsored program.**

**03. RESPONSIBILITIES AND PROCEDURES**

* 1. The PI and Co-I, chair or director, and dean are responsible for:
1. ensuring that budget authorized for the externally-funded sponsored program is available for each request for incentive compensation;
2. ensuring that percent effort authorized for the externally-funded sponsored program is aligned with each request for incentive compensation;
3. verifying that participation in the incentive plan is aligned with job duties and expectations, including tenure and promotion; and
4. certifying that workload assignments of a PI or Co-I are consistent with this policy.
	1. The PI or Co-I must secure approval in writing from the immediate supervisor to participate in the incentive plan. A PI or Co-I is responsible for requesting approval from the chair or director who will request approval from the dean. A chair or director or assistant or associate dean pursuing the incentive is responsible for requesting approval from the dean. After approval at the college level, the request is forwarded to the Division of Research (DoR). DoR is responsible for ensuring the request is in compliance with all relevant policies, including the **Facilities and Administrative (F&A) rate, or indirect cost** rate for research initiatives. After review by DoR, and after the request has been found to be in compliance, the request is submitted to the associate provost for final approval.

**03.03 The eligible PI or Co-I may choose either or both of the research incentive plans in any given fall or spring semester and must submit the appropriate form for the specific type of incentive requested.**

1. [Research Incentive with Instructional Workload Buyout](https://docs.gato.txst.edu/36360/AA_PPS%2003.01.12%20Instructional%20Workout%20Buyout.docx)**:**
2. PI or Co-I and chair or director agree to the proposed buyout.
3. PI or Co-I is assigned at least one fewer organized class than the standard teaching load of the PI or Co-I as verified by workload reports.
4. **PI or Co-I must pay at least 25 percent of the semester base salary from external funds for each course reduction in the given semester.**
5. Thirty-five percent of funding made available are returned to PI or Co-I.
6. Sixty-five percent of funding made available are available to the academic unit to hire a replacement instructor.
7. All funding made available returned to the PI or Co-I (35%) may be processed as a compensation incentive.
8. **If the PI or Co-I chooses to receive less than 35 percent in compensation, the remainder is set up in an account to be used by the PI or Co-I as research support funding.**
9. The chair or director utilizes the research buy out adjustment (code 14) noted in [AA/PPS No. 04.01.40](http://policies.txstate.edu/division-policies/academic-affairs/04-01-40.html), Faculty Workload, **for each course reduction.**
10. [Research Incentive with No Workload Adjustment](https://docs.gato.txst.edu/35244/AA_PPS%2003.01.12%20No%20Workload%20Adjustment.docx)**. The PI or Co-I must pay at least five percent of their E&G salary from external funds in order to be eligible for incentive compensation. The incentive percentage is contingent upon the F&A rate (indirect cost rate) of the sponsored program.**
11. PI or Co-I do not receive a reduction in semester workload assignments (e.g., teaching, service).
12. PI or Co-I must pay at least five percent of base salary on a single award.
13. May be applied to more than one award.
14. If the F&A rate is equal to the federally-negotiated rate, 60 percent of the funding made available is distributed to the PI or Co-I.
15. If the F&A rate is less than the federally-negotiated rate, 50 percent of the funding made available is distributed to the PI or Co-I.
16. A maximum of 15 percent of base semester salary may be processed as incentive compensation.
17. After the maximum is reached, the remainder of funding made available **is set up in an account to be used by the PI or Co-I as research support funding.**

03.04 Research support **funds may be used at the discretion of the PI or Co-I in support of their research agenda in accordance with university-allowed and research-related expenses (refer to** [UPPS No. 03.04.05](http://policies.txstate.edu/university-policies/03-04-05.html)**, Facilities and Administration Costs (F&A or Indirect), for representative examples). Research support funds are eligible for carry-forward. In the event a PI or Co-I leaves the university, any remaining funds in the account are forfeited and returned to the vice president for Research.**

**03.05 Due dates for submitting requests for incentives on the appropriate forms are listed below:**

**a. For instructional workload buyout, the** [form](http://gato-docs.its.txstate.edu/jcr%3A2bc1039f-cdb6-48f3-aa3a-c792f4760b37/AA_PPS%2003.01.12%20Instructional%20Workout%20Buyout.docx) **must be submitted by February 1 for spring semester requests and September 1 for fall semester requests.**

**b. For no work adjustment, the** [form](http://gato-docs.its.txstate.edu/jcr%3A21009542-e37d-4f6f-9af2-0286b4622558/AA_PPS%2003.01.12%20No%20Workload%20Adjustment.docx) **must be submitted by May 1 for spring semester requests and December 1 for fall semester requests.**

**04. EXAMPLE PROCEDURES FOR CALCULATION OF INCENTIVES**

**04.01 T**he nine-month salary shown on a faculty contract for the period of September 1 through May 31 is the nine-month E&G base salary for the purposes of these examples.

1. Example with instructional workload reduction (one course) in one semester:

Base salary $80,000

Semester base salary (S) $40,000

Recovered salary per semester (R, 25% of S) $10,000

Maximum incentive available (I,35% of R) $ 3,500

In this case, the maximum incentive (I) is effectively 8.75 percent of the base semester salary (S).

1. Example at 10 percent effort without workload adjustment (full F&A) in one semester:

Base salary $80,000

Semester base salary (S) $40,000

Recovered salary per semester (R, 10% of S) $ 4,000

Maximum incentive available (I, 60% of R) $ 2,400

In this case, the maximum incentive (I) is effectively six percent of the base semester salary (S).

1. Example at 20 percent effort without workload adjustment (less than full F&A) in one semester:

Base salary $80,000

Semester base salary (S) $40,000

Recovered salary per semester (R, 20% of S) $ 8,000

Maximum Incentive available (I, 50% of R) $ 4,000

In this case, the maximum incentive (I) is effectively 10 percent of the base semester salary (S).

* 1. There will be no entitlement to continuation of the incentive compensation.

05. REVIEWERS OF THIS PPS

05.01 Reviewers of this PPS include the following:

Position Date

Vice President for Research December 1 E5Y

Associate Provost December 1 E5Y

06. CERTIFICATION STATEMENT

This UPPS has been approved by the following individuals in their official capacities and represents Texas State policy and procedure from the date of this document until superseded.

Vice President for Research; senior reviewer of this PPS

President