

# **SUL ROSS STATE UNIVERSITY**

*A Member of the Texas State University System*

## **Incentive Compensation for Externally Funded Sponsored Programs APM 5.20 (Adopted 9/2012) (Revised 2/2013)**

This policy establishes procedures for incentive compensation for faculty, including qualified Chairs/Directors and Deans who buy out from 25 to 100 percent of their base salary with externally funded sponsored program funds. Sul Ross State University is aware that many members of the faculty have the interest and ability to develop robust research, training and/or service projects that can generate substantial amounts of external funding. Therefore, in situations where these types of sponsored projects clearly fit within the mission of the University and have the approval of the appropriate supervisor, Sul Ross State University has approved the following procedure for addressing faculty incentive compensation.

### **OBJECTIVE**

Sul Ross State University wants to increase the resources available to the University community and wants to recognize outstanding performance. In order to assist in achieving these objectives, Sul Ross State University will take the following action:

The University will offer incentive compensation to those full-time faculty paid from Educational and General (E&G) funds. The incentive compensation will be for recognition of their efforts in obtaining and managing contract and grant support for the University's mission of research, teaching, and service.

### **ELIGIBILITY**

Incentive compensation is available to full-time faculty whose base salary is paid from Education and General (E&G) funds. A qualifying Chair/Director or Dean is expected to be a faculty member, teaching classes, participating in activities of scholarship, and engaging in professional service. For Chairs/Directors and Deans, the eligibility is based only on the "faculty" portion of their salary that is, on the percentage related to instruction duties rather than administrative duties. Thus, the maximum a Chair/Director or Dean can "buy-out" is 50%. It must be clear from the funded proposal budget that the Chair/Director or Dean is making a significant contribution to the project and that the contribution is acknowledged in the approved proposal budget. For Chairs who participate in the Incentive Compensation process, the Dean, during the Chair's evaluation, will specifically review performance to determine if participation in the incentive compensation process has been detrimental to the Chair's administrative duties. Similarly, the Provost and Vice President for Academic and Student Affairs will determine this if a Dean is receiving incentive compensation.

Faculty must have approval in writing from the Chair and the Dean for compliance with the guidelines of this policy and in support of departmental and college needs. The faculty member is responsible for requesting approval from the Chair/Director who will request approval from the Dean. Once the Chair/Director and Dean have approved the request, it will be forwarded to

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the Provost and Vice President for Academic and Student Affairs for final approval. For Deans, approval must originate from the Provost and Vice President for Academic and Student Affairs.

Incentive compensation can be earned only during the Fall and Spring semesters. It is not available in the summer.

## PROCEDURE

The academic base salary (without any incentive compensation) is the salary to be used for calculating official university salary increases and for the salary buy-out to be budgeted in grant and contract proposals. For example, a faculty member's nine (9) month contract is for \$60,000 and is for the time period September 1 through May 31. The \$60,000 is the base salary to be used for purposes of this policy.

To qualify for incentive compensation, the faculty member must buy out using externally sponsored programs funds, at least 25% of his/her base salary during the Fall and/or Spring semester.

The incentive compensation is to be paid to the faculty member at the end of the semester in which a portion (at least 25%) of the base salary is bought out. The amount of the incentive compensation will be equal to 35% of the salary savings for grants with an indirect cost recovery rate higher than 20 percent.\* For example, a faculty member's base salary is \$60,000 for his/her nine (9) month contract. (A base rate of \$6,666.67 per month). The faculty member buys out 25% of their salary for the Fall semester. The incentive compensation would be calculated as follows:

- a. Amount of salary bought out is 25% of \$6,666.67 X 4.5 months = \$7,500.  
Amount of salary bought out is 25% of \$7,500
- b. The amount of incentive compensation is 35% of \$7,500= \$2625.

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

All requests for incentive compensation must be approved in writing in advance by the faculty member's Chair/Director and Dean and by the Provost and Vice President for Academic and Student Affairs, or in the case of a Dean seeking incentive compensation, the Provost and Vice President for Academic and Student Affairs. The amount of replacement funds available to the Chair/Director or Dean as a result of the buyout is the difference between the amount of salary bought out and the amount of incentive compensation due to the faculty member. The Chair/Director or Dean is responsible for managing these resources so that the instructional needs of the department (or college) are met and the approved incentive compensation can be paid. This policy applies to new grant funding beginning on or after January 1, 2013.

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\* For grants with indirect cost recovery rates of 10 percent to 20 percent, allocation of salary buy out will be 20 percent to E & G personnel, 40 percent to the department chairperson, and 40 percent to university operations; grants with indirect cost recovery rates less than 10 percent will not incur incentive compensation.