

## **EAST CENTRAL UNIVERSITY PERFORMANCE INCENTIVE AND SUPPLEMENTAL PAY POLICY**

The intent of this policy is to recognize faculty and staff performance in research and scholarly activity, to increase externally sponsored funding and to provide additional incentive and resources that support supplemental educational and research programs at East Central University (ECU). This policy allows full-time, faculty (tenure or non-tenure track) with regular appointments and staff not employed by externally funded projects to receive incentive payments through three mechanisms: 1) in-direct cost recovery program – faculty and staff; 2) recognition program - faculty only; and 3) salary recovery – faculty only. Beyond these three incentive programs, faculty may also earn supplemental salary directly from external funds administered by or through the University.

To be eligible for participation in these incentives, the following conditions must be met:

- Individuals must hold a full-time, faculty position (tenure or non-tenure track) or staff who hold a full-time position that is not funded by an external project(s), excluding those administrative positions identified in this policy; and
- A proposal planning sheet linked to the project for which individuals are seeking incentive must have been completed and signed by all required individuals prior to the proposal being submitted to the funding agency; and
- The proposal planning sheet linked to the project for which individuals are seeking incentive must have designated the principal investigator and any co-investigator(s) as well as their contributed effort to developing the submitted proposal; and
- Individuals and their immediate supervisors must certify the level of effort contributed to submitting the proposal linked to the project for which individuals are seeking incentive, and the certification must be on file in the Office of Sponsored Programs and Research; and
- Projects for which individuals are seeking incentive must be funded as indicated by: a) an accounting procedure issued by the University's finance office; or b) an acknowledgement of funding issued by the University's advancement office; and
- Individuals must be current employees of ECU, must be in good standing with the University, and the project for which the individual is seeking incentive must be in good standing with the funding agency.

Specific administrative positions excluded from participation in this performance incentive and supplemental pay program include, but are not limited to: president, provost, vice presidents, athletic directors, associate vice presidents, assistant vice presidents and other equivalent positions.

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Additionally, academic deans and the dean of students as well as staff within the Office of Sponsored Programs and Research, Advancement Office and Center for Continuing Education and Community Services are generally excluded from participation in the performance incentive and supplemental pay program; however, these individuals may petition the President to be eligible for the indirect cost recovery incentive for proposal development activities that are outside their normal scope of work. Such petitions must be made to the President prior to the development and submission of the externally funded proposal.

The sponsored programs performance incentive and supplemental pay program is separate from faculty and staff compensation plans. Incentive payments will not be considered part of a base salary. Performance incentive payments are awarded after-the-fact and cannot be made prospectively.

The Chief Academic Officer shall work with the Chief Financial Officer and the Office of Sponsored Programs and Research to develop procedures necessary to implement the Sponsored Programs Performance Incentive and Supplemental Pay Policy.

Incentive payments identified in this policy will not be charged directly or indirectly to federally-funded programs.

All, or part, of the Sponsored Programs Performance Incentive and Supplemental Pay Policy may be immediately suspended, retracted and/or reduced by the President upon the determination by the President that the University is experiencing a severe financial hardship. The President will notify the campus community of the financial hardship and the impact on this policy.

#### **A. Indirect Cost Recovery Program (Qualified Faculty and Staff)**

The indirect cost recovery program provides a redistribution of indirect costs charged to grants, contracts and subcontracts that are initially awarded to the institution after July 1, 2006. The redistribution of funds may be made to principal investigators, co-investigators, their home departments, colleges, recharge centers and other non-academic units. In the event of more than one investigator (principal or co-), distributions to individuals, departments, colleges, units and recharge centers will be proportional to the percentage of effort contributed by each investigator as indicated on the proposal planning sheet and as certified by the investigator and their supervisor. In the event an inconsistency exists between the proposal planning sheet and the certification, the certification shall serve as the basis of distribution. The Chief Academic Officer shall work with the Office of Sponsored Programs and the Chief Financial Officer to make funds available for expenditures on an annual after-the-fact basis and linked to in-direct cost received by the University during the prior fiscal year. Funds must be expended within the fiscal year allocated. Unexpended funds return to the University at the end of the fiscal year.

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In-direct cost recovery funds shall be allocated as follows:

1. Academic Units

<b>Amount Funded w/in College</b>	<b>Individual</b>	<b>Department</b>	<b>College</b>	<b>Institution</b>	<b>Total</b>
\$1 - \$999,999	12%	0%	0%	88%	100%
\$1,000,000+	12%	5%	5%	78%	100%

Allocated funds shall be expended as follows:

- **INDIVIDUAL:** Individual faculty or staff may choose to take the allocated funds as a performance incentive payment or may choose to use allocated funds for non-recurring expenditures that support enhanced supplemental educational programs or research (i.e., travel, supplies, equipment, temporary positions, etc.). **Faculty incentive payments and the associated fringe benefits shall not exceed the total allocation.** Incentive payments and/or expenditures must be approved by the department chair and dean.
- **DEPARTMENT:** At the discretion of the department chair, indirect cost recovery funds may be allocated within the department for non-recurring expenditures that support enhanced supplemental educational programs or research. Expenditures must be approved by the dean.
- **COLLEGE:** Indirect cost recovery funds may be allocated within the college for non-recurring supplemental educational programs or research expenditures. Expenditures must be approved by the Chief Academic Officer.

2. Non-Academic Units

Redistribution of indirect costs charged to grants, contracts and subcontracts awarded to the institution that originate in three additional non-academic units (administration and finance, athletics and student development) will be allocated as follows:

<b>Amount Funded w/in the Unit</b>	<b>Individual</b>	<b>Unit</b>	<b>Institution</b>	<b>Total</b>
\$1 - \$999,999	12%	0%	88%	100%
\$1,000,000+	12%	10%	78%	100%

Allocated funds shall be expended as follows:

- **INDIVIDUAL:** Individual staff may choose to take the allocated funds as a performance incentive payment or may choose to use allocated funds for non-recurring expenditures that support enhanced supplemental educational programs or research (i.e., travel, supplies, equipment, temporary positions, etc.). Incentive payments and/or expenditures must be approved by the appropriate vice president. **Incentive payments and the associated fringe benefits shall not exceed the total allocation.**
- **UNIT:** At the discretion of the unit's vice president, indirect cost recovery funds may be allocated within the department for non-recurring supplemental educational programs or research expenditures.

### 3. Recharge Centers

Recharge centers are stand-alone centers that have been established after July 1, 2006 for the purpose of conducting research and/or for providing services supported by externally funded projects and that have been approved by the Vice President in which the recharge center is located. Redistribution of indirect costs charged to grants, contracts and subcontracts awarded to the institution that originate in an established recharge center will be allocated as follows:

Amount Funded w/in College	Individual	Recharge Center	Institution	Total
\$1 - \$999,999	12%	38%	50%	100%
\$1,000,000+	12%	48%	40%	100%

- **INDIVIDUAL:** Individual faculty or staff may choose to take the allocated funds as a performance incentive payment or may choose to use allocated funds for non-recurring expenditures that support enhanced supplemental educational programs or research (i.e., travel, supplies, equipment, temporary positions, etc.). Incentive payments and/or expenditures must be approved by the dean and administrator of the recharge center. **Incentive payments and the associated fringe benefits shall not exceed the total allocation.**
- **RECHARGE CENTER:** Allocated funds for the Recharge Center may be expended at the discretion of the Center's lead administrator with approval from the appropriate Dean and Vice President. Expenditures must directly advance the mission and directly support established priorities of the recharge center (i.e., travel, supplies, equipment, temporary positions, etc.).

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## B. Recognition Program (Qualified Faculty Only)

The faculty recognition program provides incentive payments in two categories: 1) faculty who serve as first-time principal investigators on grant proposals submitted on behalf of the University; and 2) faculty who serve as the principal investigator on a funded sponsored program for which ECU is a grantee, contractor, or sub-contractor. **Only principal investigators as indicated on the proposal planning sheet and as certified by the department chair and dean will be recognized through the faculty recognition program.** The amount of incentive payments in each category is as follows:

<b>First-time Writer Incentive</b>	
<b>Level of Funding</b>	<b>Incentive Amount</b>
\$1 - \$99,999	\$100
\$100,000+	\$200
<b>Funded Grant Incentive</b>	
<b>Level of Funding</b>	<b>Incentive Amount</b>
\$1 - \$99,999	\$250
\$100,000+	\$500

## C. Salary Recovery (Qualified Faculty Only)

The purpose of the Salary Recovery component of this policy is to stimulate quality research by encouraging and supporting faculty to include release time as a direct cost to externally funded projects. Correspondingly, faculty salaries may be budgeted on sponsored research and grants and contracts commensurate with actual time and effort committed to the project. Salary released from institutional accounts for release time, less cost for adjunct faculty to cover the faculty's release time, is available for allocation to the faculty as well as the home department and college of the released faculty. The funds to cover the release time and benefits as well as adjunct faculty costs must come from a specific designated line item within the grant. The University will not supplement the cost of the release time and benefits. The Chief Academic Officer shall work with the Office of Sponsored Programs and the Chief Financial Officer to make funds available for expenditures on an annual after-the-fact basis and linked to released salary and benefits received by the University during the prior fiscal year. Funds must be expended within the fiscal year allocated. Unexpended funds return to the University at the end of the fiscal year. Released salary will be allocated as follows:

- **INDIVIDUAL (30%):** 30% of released salary and benefits, less cost for adjunct faculty to cover the faculty's release time, will be made available to the individual faculty member. Faculty may choose to take the allocated funds as a performance incentive payment or may choose to use allocated funds for non-recurring expenditures that support enhanced supplemental educational programs or research (i.e., travel, supplies, equipment, temporary positions, etc.). **Faculty incentive payments and the associated fringe benefits shall not**

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**exceed the total allocation.** Incentive payments and/or expenditures must be approved by the department chair and dean.

- DEPARTMENT (12%): At the discretion of the department chair, 12% of released salary and benefits, less cost for adjunct faculty to cover the faculty's release time, will be made available to the department for non-recurring expenditures that support enhanced supplemental educational programs or research. Expenditures must be approved by the dean.
- COLLEGE (12%): At the discretion of the department chair, 12% of released salary and benefits, less cost for adjunct faculty to cover the faculty's release time, will be made available to the college for non-recurring expenditures that support enhanced supplemental educational programs or research. Expenditures must be approved by the Chief Academic Officer.

#### **D. Direct Supplemental Salary (Faculty Only)**

The missions of the University are teaching, research and service. As professionals, faculty are individually and primarily responsible for arranging their time among such academic functions as teaching assignments, research, service and continuing education. A person who accepts full-time faculty employment at East Central University assumes a primary professional obligation to the University. Any other supplemental employment or enterprise in which he or she engages for income shall be secondary to his or her University work. All professional activities, whether within the University or without, whether for extra remuneration or for no remuneration of any kind, should contribute to the faculty member's professional growth and to his or her teaching or scholarly competence.

In light of the previous paragraph, faculty members may engage in professional activities for supplemental salary involving funds administered by or through the University as follows:

##### 1. Academic Year – 10 Month Faculty Contract

- Supplemental salary **shall not exceed 25%** of full-time base salary
- Compensation must be linked to actual effort
- Compensation must be at a ratio equivalent to or less than base salary
- Effort committed shall not exceed 25% of full-time professional effort
- Time and effort must be documented and approved by department chair or appropriate supervisor
- Supplemental salary must be approved by department chair, dean and the Vice President for Academic Affairs.
- Supplemental salary includes compensation for: teaching overload, intersession, outreach, or continuing education courses, and work on sponsored programs or research.

Faculty must plan accordingly to prevent exceeding the 25% full-time, ten-month base salary and 25% full-time professional effort for the academic year. The Office of Sponsored Programs and Research (OSPR) will notify

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the faculty, department chair, dean and Vice President once the faculty's supplemental salary exceeds the 18%. Faculty shall not be paid supplemental pay once the 25% limit is reached.

## 2. Summer – 2 Months

- Supplemental salary for the two month period shall not exceed 25% of full-time, ten-month base salary
- Compensation must be linked to actual effort
- Compensation must be at a ratio equivalent to or less than base salary
- Effort committed **shall not exceed 25%** of full-time professional effort
- Time and effort must be documented and approved by department chair
- Supplemental salary must be approved by department chair, dean and the Vice President for Academic Affairs.
- Supplemental salary includes compensation for: teaching summer, overload, intersession, outreach, or continuing education courses; and work on sponsored programs or research.

Faculty must plan accordingly to prevent exceeding the 25% full-time, ten-month base salary and 25% full-time professional effort for the summer months. The Office of Sponsored Programs and Research (OSPR) will notify the faculty, department chair, dean and Vice President once the faculty's supplemental salary exceeds the 18%. Faculty shall not be paid supplemental pay once the 25% limit is reached.

## **E. Time and Effort Certification**

The OMB Circular A-21 requires after-the-fact certification for all federally funded grants, contracts and cooperative agreements. Faculty and staff supported by external funds shall certify the time and effort report at the beginning of each semester for the work performed in prior semester. Percent effort shall not exceed 125% allowed by the university within the academic year and 25% within the summer months. Refer to the time and effort report policy on the OSPR website for more information.

## **F. Approval**

Approved this 15<sup>th</sup> Day of May 2007:

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Richard Rafes, J. D., Ph. D.  
President  
East Central University