

# Michigan Technological University

## Faculty External Funding Incentive Program

Tenured and tenure-track faculty of Michigan Technological University have the opportunity to participate in a faculty External Funding Incentive Program (EFIP) that allows cash incentives to faculty who secure funding for their academic year salary from external sources.

### Purpose

The purpose of the EFIP is to enhance the research, scholarship, and instructional activity of faculty by increasing the level of external funding. The mechanism for doing so is to provide a semi-annual incentive payment to tenured and tenure-track faculty who are effective in securing extramural funding for their academic year salary. This EFIP formalizes the current faculty salary incentive program and explicitly defines the applicability of the EFIP to all MTU tenured and tenure-track general fund supported faculty.

### Provisions

To participate in the program, a faculty member must include all or part of his/her general fund academic year salary and fringe benefits in an externally funded grant or contract budget. If eligible and approved prior to the beginning of a semester, the incentive payment will be made to the faculty member in accordance with the procedural criteria after the end of the semester (approximately January 15 and June 15). Such payment(s) will be made in a lump sum or, if necessary to assure adherence to all prevailing laws and policies, in multiple payments over consecutive months. The payment(s) will be subject to applicable withholding.

### Criteria

1. The faculty member must hold a tenured or tenure-track general fund supported faculty appointment.
2. This incentive program only applies to externally funded salary during the academic year. Faculty participating in this program will not be released from teaching or service responsibilities as defined by their respective academic unit.
3. The incentive payment will be calculated as 75% of the salary paid by grants and contracts, up to a maximum of 20% of the faculty member's academic year general fund salary. Calculation of any incentive payment shall exclude the value of any benefits. Any incentive payment made shall not modify the faculty member's base salary. Availability of any payments under this plan is subject to any applicable university, State, or Federal laws, regulations, or policies.
4. The salary support must be derived from externally supported research, instructional, or other sponsored grants or contracts that pay applicable facilities and administrative costs. Grants and contracts must include authorization to use funds for faculty salaries and fringe benefits. Salary support derived from external funds must fully pay all direct costs, including associated fringe benefits, and applicable federally negotiated facilities and administrative costs.
5. A request by a faculty member to seek an incentive payment under this program must be submitted at least two weeks prior to the beginning payroll date of the semester for which the incentive payment is desired. Approval by the relevant Department Chair and Dean will be contingent upon meeting the criteria and purpose of the program and upon the faculty member maintaining a high level of productivity and satisfying the workload expectations of their academic unit. If not explicitly approved by appropriate Chair and Dean prior to the first payroll date of the semester for which the incentive payment is desired, the request for participation in the plan shall be considered to be rejected.

6. The faculty member must exhibit satisfactory performance in all assigned duties as determined by the appropriate chair/dean. Included is the responsibility of providing good fiscal and administrative management of all external funds for which the faculty member is principal investigator and completion of necessary reports in a timely and effective manner.
7. Participation in the program is voluntary and is not mandated upon either the faculty member or the University. Participation is not an entitlement, but may be made available to eligible faculty members when both the University and the faculty member determine that it is in their mutual best interests to do so. Furthermore, the University reserves the right to suspend or terminate this program or the participation of any faculty member at any time. A Chair or Dean may not arbitrarily or capriciously withhold or deny approval for participation in this program by any individual faculty member.
8. Modifications to any aspect of this program may be implemented at any time, as determined by the President. Such modifications may occur through amendment of this program or through written notice to the Deans of the academic units.
9. Academic units may use some of the salary savings achieved through this program for non-bonus awards or other support for outstanding teaching, research, or service activities.

Example: Professor A in COE has an academic year general fund salary of \$70,000 and has a funded DOE project with \$10,000 of salary and \$4,100 of fringes in the approved project budget; there is \$7,896 (56%) of facilities and administrative costs associated with these items and the project has the standard incentive returns (6% of the F&A to the PI, 12% to the department, and 7.3% to the college). Professor A applies for and receives approval for participation in this program. After the semester, the total of \$21,996 of budgeted project expenditures are distributed as follows:

Professor A:	\$ 7,500 EFIP
	\$ 1,515 Fringe Benefit on EFIP
	\$ 474 PI incentive return
Department	\$ 2,500 Salary recovery
	\$ 2,585 Fringe recovery
	\$ 948 Departmental incentive return
College	\$ 576 College incentive return
General Fund	\$ <u>5,898</u> F&A remaining after incentive returns
<b>Total</b>	<b>\$ 21,996</b>