School of Engineering and Technology, IUPUI
Research Incentive Pay Plan

**Original Date:** November 14, 2011  
**Approved by campus:** December 15, 2011  
**Effective:** January 1, 2012  
**Revisions:** Revised September 4, 2013 to include payment details and the requirement to submit a pay plan agreement for each fiscal year.

**Purpose:**
The research incentive pay plan seeks to reward faculty members with incentive pay up to 20% of the amount of base salary ‘recovered’ from external funding sources.

**Background:**
To comply with federal cost principles in OMB Circular A-21, it is imperative that the cost to the external sponsor remain unchanged as a result of the incentive pay plan. In general, federal grants do not allow extra compensation to be direct charged. Thus, it is unallowable to direct charge incentive pay to a federal grant. Federal cost principles permit direct charging a percentage of base salary commensurate with the faculty’s level of effort on the federal grant. These principles will be adopted for all grants and contracts in the School, including those from non-federal sponsors.

Research incentive pay is distinct from extra compensation and bonus pay. Extra compensation is typically used to compensate faculty for circumstances in which unanticipated teaching overload is necessary, while bonus pay is to acknowledge significant outstanding employee performance in the form of contributions directly related to School objectives. Faculty may receive research incentive pay, extra compensation, and bonus pay if the situation warrants. Situations in which both research incentive and extra compensation are paid for a single semester are expected to be very uncommon.

**Eligibility:**
To be eligible for research incentive pay for a given semester, the respective faculty member must satisfy the following criteria:

a. Normally be paid from the School’s base budget;
b. Have salary paid from an external grant with an overhead rate (F&A or indirect costs) at or above the rate set for service contracts (32% as of 12 September 2011);
c. Teach the expected course load during the semester of incentive pay, as determined by the respective department chair; and
d. Provide the expected level of service to their department and the School as determined by the respective department chair and dean.

If any release from teaching or service is provided, then an appropriate reduction in incentive pay will be made based on the cost of replacement personnel. The amount paid as incentive pay and the faculty replacement cost will be deducted from any salary savings that may be returned to the faculty member’s discretionary spending account.
School of Engineering and Technology, IUPUI Research Incentive Pay Plan Agreement

- This agreement must be executed by the faculty member, chair, and dean prior to the start date of the work for which research incentive pay is requested. If release from any expected teaching or service is requested for a given semester, then the agreement must be executed before the start of that semester.
- This agreement is valid for research incentive pay earned during one fiscal year. A new agreement must be completed for a new fiscal year.
- After obtaining signatures from the chair and dean, this agreement must be routed to the Assistant Dean for Finance and Administration.

School/Department Replacement Cost

Faculty Replacement Costs (Temporary Instruction, Visiting Faculty, etc.) $ ___________
Note: these costs will be reduced from the total salary savings before the research incentive percentage is applied.

Requested percent for incentive pay (up to 20%) ___________
Note: this is the requested percentage of salary savings (less faculty replacement costs) to be paid as research incentive pay

Faculty Replacement Costs Supporting Comments:

Start Date ______________; End Date ______________
Note: dates must be within one fiscal year

Signatures

____________________  ____________________  ____________________
Faculty  Chair  Dean

Print Names

____________________  ____________________  ____________________

Payment Details:

The research incentive payment to the faculty member will be made in one single payment for a fiscal year. This payment will typically be made no later than October following the fiscal year in which the research incentive pay was earned. For example, research incentive pay for salary savings incurred during the 2013-2014 fiscal year (July 1, 2013 through June 30, 2014) will be paid after the close of the fiscal year (June 30, 2014) after verification of effort and verification that the external funds were received by the School.

Note: If payment has not been received by November 1 following the close of the fiscal year for which research incentive pay was earned, the faculty member should inform the Assistant Dean for Finance and Administration by e-mail, with copies to the dean and the associate dean responsible for research.