

UT - Martin Procedure: FIO204-M Sponsored Projects - Incentive Payments	
Version: 2	Effective Date: 10/18/2021

1. PURPOSE

To provide procedures for determining faculty and staff salary incentive payments as a result of gaining external salary support on sponsored projects. The University of Tennessee at Martin (UTM) seeks to encourage faculty and staff participation in the incentive program, with the goal of increasing overall research and external funding at the UTM.

2. WHO IS ABLE TO PARTICIPATE

- All faculty and staff classified and employed as Regular employees, both full-time and part-time, and who are hired to work for a period of 12 months or longer. This also includes academic year (9- month) appointments. In addition, faculty and staff must meet the requirements set forth below:
 - o Faculty who serve as PIs or Co-PIs of a sponsored project that pays a portion of his/her salary from an Eligible Sponsored Project. This includes a PI or Co-PI on a multi-PI project as designated by the sponsor;
 - o Staff who serve as PIs or Co-PIs of a sponsored project that pays a portion of his/her salary from an Eligible Sponsored Project. This includes a PI or Co-PI on a multi-PI project as designated by the sponsor;
 - o Non-PI's and Co-PI's meeting regular employee job status and who have a portion of his/her salary included in the approved grant budget are eligible for payment at the same percentage as the PI and/or Co-PI.
- Faculty and staff must have demonstrated satisfactory performance in all areas of their evaluation by the College/Department on their most recent annual evaluation. Each case is to be reviewed with departmental and college leadership annually.
- Faculty and staff must have demonstrated adherence to good fiscal and administrative management of college or campus resources. Each case is to be reviewed with departmental and college leadership annually.

Who Is Not Eligible to Receive an Incentive Payment

- Faculty and staff receiving 100% of annual salary through grant funding or hired on the premise of a percentage of funds come from a combination of university and grant funds are not eligible for this incentive.
- Temporary/term faculty and staff (including retirees) are not eligible.

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3. CALCULATION METHOD

The amount of the faculty and staff member’s incentive payment is based on the allowable F&A rate received for each sponsored project that pays a portion of the faculty/staff member’s salary and is allocated from the salary savings from the sponsored project during the fiscal year (12-month period ending June 30th). The faculty and staff member’s actual salary paid on the grant during the fiscal year on each sponsored project is multiplied by the incentive percentage (%) as follows:

<u>F&A Rate Range</u>	<u>Incentive % of Salary</u>
≥ 30%	40%
10% - 29.9%	20%
≤ 9.9%	5%

Example Calculation

Grant	F&A Rate	Salary (FY)	Incentive	Amount of Incentive %
A	8%	\$22,800	5%	\$1,140
B	50%	\$35,235	40%	\$14,094
TOTAL INCENTIVE PAYMENT				\$15,234

Note: ADA pay is **not eligible** for incentive payments

4. OTHER PROVISIONS

- Each year, UTM will pay incentive payments to eligible faculty and staff no later than October 30th following the Fiscal Year ending June 30th. An Initial Request Form must be completed at the time of grant account creation for each individual who will request incentive pay. An Incentive Plan Approval Form must be submitted and fully processed for each individual no later than July 31 of each grant year. No late submissions will be accepted.
- Instead of receiving payment directly, faculty and staff may choose to place all or a portion of his/her incentive payment into a support account for their use and/or the department’s use. Once this option has been chosen, the funds become UTM funds and

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cannot be returned to the faculty/staff member at no point in the future. Funds allocated to department use must be used in accordance with University of Tennessee System as well as UTM policies.

- Faculty/staff that leave UTM employment (including retirees) prior to the scheduled pay-out month will not be eligible to receive an incentive payment.
- This procedure will become effective July 1, 2019 and incentive pay will be considered only for sponsored programs with a start date of July 1, 2019 and after.

5. DEFINITIONS

Eligible Sponsored Projects - includes all externally funded grants and contracts except for gifts, endowments, mission support, chairs/centers of excellence, and other funds allocated at the discretion of UTM.

Regular - employment for a period expected to be 12 months or longer and includes academic year (9-month) appointments paid over a 12-month period to satisfy the 12-month requirement. A Limited Duration Appointment (LDA) is a form of regular employment for a specific project or for a limited period of time. A LDA may be established for up to one year with an option to renew the appointment annually for a maximum of three years. To establish an LDA, approval by the campus human resources office is required before the initial appointment and before any subsequent annual renewal of the appointment beyond the first year. Also required is an appointment letter indicating the maximum length and other conditions of the appointment

Temporary/Term - employment for a period expected to be less than 12 consecutive months. This employee group includes faculty/staff who are paid for performing a one-time service and other special appointments and faculty/staff who have retired from service with the University of Tennessee. Retirees must remain in the temporary employee group regardless of the length of their post-retirement service due to requirements imposed by state retirement statutes.

Includes all functions - research, instruction, public service, institutional support, maintenance and operations, and academic support.

Principal Investigator (PI) – faculty or staff member who is responsible for the design, conduct, or reporting of research or other sponsored projects externally funded as designated by the sponsor. Faculty/staff members who are named as PI on department or college-wide contractual relationship may not qualify as PI for the purpose of the incentive program – each such case to be reviewed with departmental and college leadership annually.

Fiscal Year – July 1 through June 30.

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F & A Rate – facilities & administrative (indirect cost) rate applicable to a sponsored project (includes federal and non-federal).

ADA – Pay received for duties performed outside or in addition to regular duties.