

## **Salary Coverage Incentive Plan** (Orig. 5/12/2006)

### **Goals**

1. To achieve all facets of SPEA's mission in teaching, research, and service.
2. Incentivize entrepreneurship in securing external grants and contracts.
3. Incentivize growth in the number of students and in providing high quality teaching.
4. Providing nationally competitive faculty salaries.

### **Circuit breakers**

1. Incentive payouts cannot reduce the School's reserve below 10% of the general operating budget.
2. Payouts will be capped so that the School cannot have an annual deficit in excess of \$25,000.
3. For teaching related incentive payments, these can only be paid from incremental income from student fees in excess of budgeted student fee income.
4. For the use of indirect costs to support program growth, this will occur only after the school has a base of indirect cost support of 7.5% of its annual operating budget.
5. Individual faculty can only receive incentive compensation if they receive at least a satisfactory rating in all areas they are evaluated on in their annual performance review.

### **External Grants and Contracts**

The following options will be available for incentive bonus compensation based on the amount of a faculty member's salary covered by external grants and contracts. All assume that the external grants and contracts cover the fringe benefits proportional to the amount of base salary covered. All full time tenure track and clinical faculty, with their home base in SPEA, are eligible to participate in this plan.

1. **For those getting full summer pay who also have two course buyouts** – Faculty would be eligible for a bonus of 40% of the amount that external grants and contracts cover of their base salary after covering their summer pay and two course buyouts. This provides a possible incentive payment of 13.4% of their base salary. Up to 10% of their base salary would be paid as a cash bonus and any remaining payment would be put into a faculty member's STAR account or a SPEA research center budget for program development. When the summer pay is added, this provides possible total additional cash payments of 42.5% of base pay with a possible additional 3.4% going into their STAR account or research center.
2. **For those getting full summer pay who do not take course buyouts** – Faculty can receive 40% of their base salary covered by grants and contracts after covering their summer pay and 20% of their base salary which would be retained by the School. This results in a maximum incentive payment of 19%. Up to 10% of their base salary would be paid as a cash bonus and any remaining payment would be put into a faculty member's STAR account or a SPEA research center budget. When the summer pay is added, this provides possible total additional cash payments of 42.5% of base pay with a possible additional 9% going into their STAR account or research center.
3. **For those getting full summer pay who have one course buyout** – Faculty can receive 40% of their base salary covered by grants and contracts after covering their summer pay, covering one course buyout, and 10% of their base salary which would be retained by the

School. This results in a maximum incentive payment of 16.2%. Up to 10% of their base salary would be paid as a cash bonus and any remaining payment would be put into a faculty member's STAR account or a SPEA research center budget. When the summer pay is added, this provides possible additional cash payments of 42.5% of base pay with a possible additional 6.2% going into their STAR account or research center..

4. **For those not taking summer pay or any course buyouts** – Faculty would get incentive compensation of 20% of the amount that external grants and contracts cover their base salary. They will receive up to 10% of their base salary as a cash bonus with the remainder going into their STAR account or a SPEA research center budget.
5. **For those who take one course buyout only** – Faculty would get incentive compensation of 20% of the amount that external grants and contracts cover their base salary after the one course buyout. This results in a maximum incentive payment of 16.6%. They will receive up to 10% of their base salary as a cash bonus with the remainder going into their STAR account or a SPEA research center budget.
6. **For those who take two course buyouts** – Faculty would get incentive compensation of 20% of the amount that external grants and contracts cover their base salary after the two course buyouts. This results in a maximum incentive payment of 13.2%. They will receive up to 10% of their base salary as a cash bonus with the remainder going into their STAR account or a SPEA research center budget.

### **Teaching Incentive Plan**

Full time tenure track, clinical faculty, and lecturers, with their home base in SPEA, are eligible to participate in this plan. This plan is independent of the grant and contract based plan subject to the university requirement that cash bonuses for a faculty member may not exceed 10% of base salary. Faculty would be eligible for an additional 10% of base salary that would go into their STAR account or a SPEA research center. The plan will work as follows:

1. If individual student fees generated from courses taught exceed a faculty member's base pay and fringe benefits, they will receive 50% of additional student fees generated from their courses up to a maximum of 20% of their base salary. Up to 10% of base salary would be paid as a cash bonus with the remainder going into their STAR account or a SPEA research center budget.
2. All payouts are subject to the requirement that SPEA makes no payouts unless budgeted goals for student fee revenue are met. Payouts by the School will in no case exceed the extra revenue earned as a result of student fees being in excess of budgeted student fees.
3. To receive a payout, a faculty member must have received a teaching rating of highly satisfactory or better.

### **Sharing of Indirect Costs**

The School needs an annual base of 7.5% of their operating budget to meet School budget needs. The School will share 50% of the indirect costs received above that base to be used for program support by research centers. These funds will be put into the research center to be used to build research programs and infrastructure. In special circumstances, some of this money can be placed in an individual faculty STAR account with the approval of the Associate Dean and also the research center director when appropriate. The overage will be distributed to the programs based on the percentage they contribute to the indirect cost pool. For example, if the Center for Urban Policy and the Environment generates 45% of the indirect costs, they would receive 45%

of the indirect cost distribution for program growth and support. For collaborative projects covering multiple research centers and/or faculty, the program support would be divided based on the relative involvement in a project.

### **Proportionate Payouts**

In the event that there are funds available to make some but not full payouts, the payouts will be distributed proportionately. For example, if a faculty member was eligible to receive 5% of the total payout, they would receive 5% of the reduced total payout.

### **Service Award**

To recognize outstanding performance by a full-time faculty member in service, there will an annual award of \$2,500 given to a faculty member each year. This award will be given to a faculty member selected by the Associate Dean based on recommendations of the SPEA faculty.

### **Annual Reports**

Each faculty member will receive a report that summarizes their performance relative to the criteria in this plan.

### **Salary Surveys**

There should be a faculty salary survey conducted during the 2006-2007 academic year. This should be repeated every two to three years. The intent of the survey is to have the data to try to insure that SPEA faculty salaries are competitive with the national market.