DEFINITION

1. This PPS establishes policies and procedures for incentive compensation for faculty, including qualified Chairs/Directors who buy out from 25 to 100 percent of their base salary with externally funded sponsored program funds. Texas State is aware that many members of the faculty have the interest and ability to develop very robust research, training and/or service projects that can generate substantial amounts of external funding. Therefore, in situations where these types of sponsored projects clearly fit within the mission of the university and have the approval of the appropriate Chair/Director and Dean, Texas State has approved the following procedure for addressing faculty incentive compensation.

OBJECTIVE

2. Texas State wants to increase the resources available to the University community and wants to recognize outstanding performance. In order to assist in achieving these objectives, Texas State will take the following action:

   a. The University will offer incentive compensation to those full-time faculty paid from educational and general (E&G) funds. The incentive compensation will be for recognition of their efforts in obtaining and managing contract and grant support for the University's mission of research, teaching, and service.

ELIGIBILITY

3. Incentive compensation is available to full-time faculty whose base salary is paid from Education and General (E&G) funds. A qualifying Associate Dean or Chair/Director is expected to be a faculty member, teaching classes, participating in activities of scholarship, and engaging in professional service. For Associate Deans or Chairs/Directors, the eligibility is based only on the “faculty” portion of their salary that is, on the 50% related to instruction duties rather than administrative duties. Thus, the maximum a Chair/Director can “buy-out” is 50%. It must be clear from the funded proposal budget that the Associate Dean or Chair/Director is making a significant contribution to the project and that the contribution is
acknowledged in the approved proposal budget. For Associate Deans or Chairs who participate in the Incentive Compensation process, the Dean, during the Associate Dean’s or Chair’s evaluation, will specifically review performance to determine if participation in the incentive compensation process has been detrimental to the Associate Dean’s or Chair’s administrative duties.

4. Faculty must have approval in writing from the chair and the dean for compliance with the guidelines of this policy and in support of departmental and college needs. The faculty member is responsible for requesting approval from the Chair/Director who will request approval from the Dean. Once the Chair/Director and Dean have approved the request, it will be forwarded to the Associate Provost for final approval. The Associate Provost will consult with the Chief Research Officer as to the availability of the grants fund.

5. Incentive compensation can be earned only during the fall and spring semesters. It is not available in the summer. Fund sources for faculty salary buyouts should be included in salary buy-outs budgeted in grant and contract proposals from external sponsors. Funds awarded for the buyout should be routed from the funding agency through OSP.

6. Buy Out Conditions:
   A faculty member will not be allowed to buy-out workload and also receive compensation via overload for the same semester. Any exception to this condition must be approved in writing by the Provost/VPAA or their designee.

**PROCEDURE**

7. The academic base salary (without any incentive compensation) is the salary to be used for calculating official university salary increases and for the salary buy-out to be budgeted in grant and contract proposals. For example, a faculty member's nine (9) month contract is for $60,000 and is for the time period September 1 through May 31. The $60,000 is the base salary to be used for purposes of this policy.

8. To qualify for incentive compensation, the faculty member must buy out using externally sponsored programs funds, at least 25% of his/her base salary during the Fall and/or Spring semester.

9. The incentive compensation is to be paid to the faculty member at the end of the semester in which a portion (at least 25%) of the base salary is bought out. The amount of the incentive compensation will be equal to 35% of the salary savings. For example, a faculty member's base salary is $60,000 for his/her nine (9) month contract. (A base rate of $6,666.67 per month). The faculty member buys out 25% of their salary for the Fall semester. The incentive compensation would be calculated as follows:
a. Amount of salary bought out is 25% of $6,666.67 X 4.5 months = $7,500. Amount of salary bought out is $7,500.

b. The amount of incentive compensation is 35% of $7,500= $2,625.

10. There will be no entitlement to continuation of the incentive compensation.

11. All requests for incentive compensation must be approved in writing in advance by the faculty member’s Chair/Director and Dean and by the Associate Provost who will consult with the Chief Research Officer for compliance with contract and/or grant requirements. The amount of replacement funds available to the Chair/Director as a result of the buyout is the difference between the amount of salary bought out and the amount of incentive compensation due to the faculty member. The Chair/Director is responsible for managing these resources so that the instructional needs of the department are met and the approved incentive compensation can be paid.

CERTIFICATION STATEMENT

12. This PPS has been approved by the reviewer listed below and represents Texas State’s Division of Academic Affairs policy and procedure from the date of this document until superseded.

Review Cycle: _______________ Review Date: _______________
Reviewer: _______________ Date: _______________
Approved: _______________ Date: _______________

Gene Bourgeois
Provost and Vice President for Academic Affairs

Texas State University-San Marcos
Provost and Vice President for Academic Affairs
Last Updated: April 13, 2015
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