

Faculty Excellence Concept Team Report

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EXECUTIVE SUMMARY

- Current “merit” compensation procedures outlined in the unit operating papers are inconsistent in recognizing faculty excellence and achievement, the first commitment in the *Southern @ 150* plan.
- Current merit compensation procedures in many units are overly tied to base salary.
- Current merit compensation procedures in some units focus on routine faculty responsibilities.
- Concrete expectations of faculty activity and achievement are not specified adequately in the operating papers.
- Current distribution of merit compensation funds are purely “individual”, and do not account for achievement of the unit as a whole, particularly as there are separate indicators of, and value in the peer recognition of the aggregate achievement of the unit. Because current merit compensation procedures assess achievement relative to other faculty in the unit, faculty in units that have consistency in achievement spread across faculty are under-valued because the broader context is not considered.
- There is a lack of consistency between annual review and current merit compensation procedures.
- To address these issues, first “excellence” was operationalized as *faculty achievement*. In this vein, specific recommendations were developed for an enhanced, achievement-based compensation system, supported by four ordered, but interdependent, pillars of:
 1. Individual Achievement
 2. Unit Achievement
 3. Achievement Incentives
 4. Enhanced Visibility of Faculty Excellence

FACULTY EXCELLENCE CONCEPT TEAM REPORT:

The first commitment of the *Southern @ 150: Building Excellence Through Commitment* is to “Seek and Celebrate Faculty Excellence”. One focal point of the Chancellor’s effort this year is to develop new ideas and procedures regarding how best to foster and recognize faculty, staff, and student excellence. Only through strong campus processes designed for these ends can the aspiration to become one of the top 75 public universities can be realized. Some projects have been initiated already, the *Excellence through Commitment* awards program for example - with substantial monetary recognition and public acknowledgement of the results of faculty and staff work in support of our students. As valuable as this recognition is, nothing is more important than regular, substantial, results-driven increases in compensation.

As a part of this initiative, the Chancellor convened a “Faculty Excellence Concept Team”, a committee of diverse, well-respected faculty selected to carefully consider this issue, chaired by Dr. Kimberly Espy. Team members included Professors Marcia Cornett, Kevin Dettmar, John Downing, James Duggan, Stephen Ebbs, Kevin Foster, John Nicklow, Don Rice, Patrick Rivers, Alan Vaux, John Washburn, Todd Winters, and Marvin Zeman.

The charge to Dr. Espy and the Faculty Excellence Concept Team (FECT) was as follows:

- 1) *Review current campus procedures that are designed to recognize faculty achievement (e.g., merit compensation, sabbatical leave, awards), and*
- 2) *Make recommendations regarding new, innovative procedures that might be implemented on this campus to accomplish this goal in the most effective manner.*

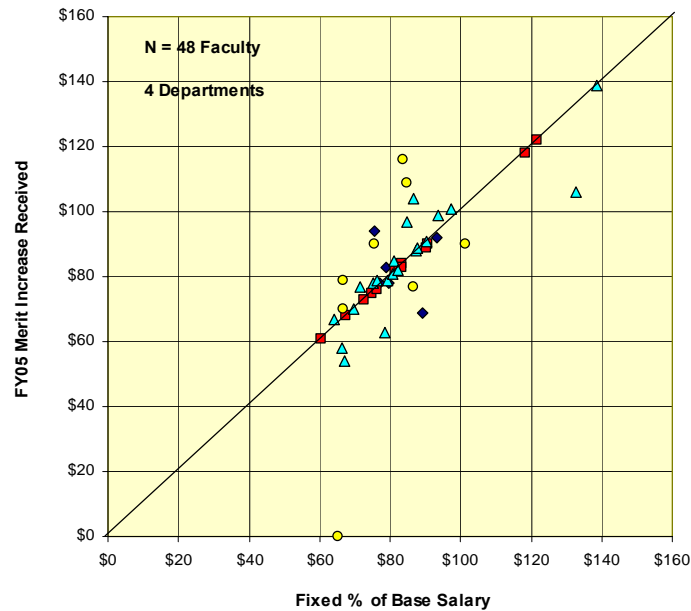
FECT met eight times, starting with the initial meeting on December 2, 2004 to discuss the responsibilities of the team. The team met approximately every two weeks in the spring of 2005, culminating in the final meeting on April 21, 2005 with Chancellor Wendler to review recommendations.

FECT started with a thorough review of the sections of the Operating Papers that pertained to merit compensation of each unit. The following general observations regarding the current SIUC merit compensation procedures provided in the operating papers were made:

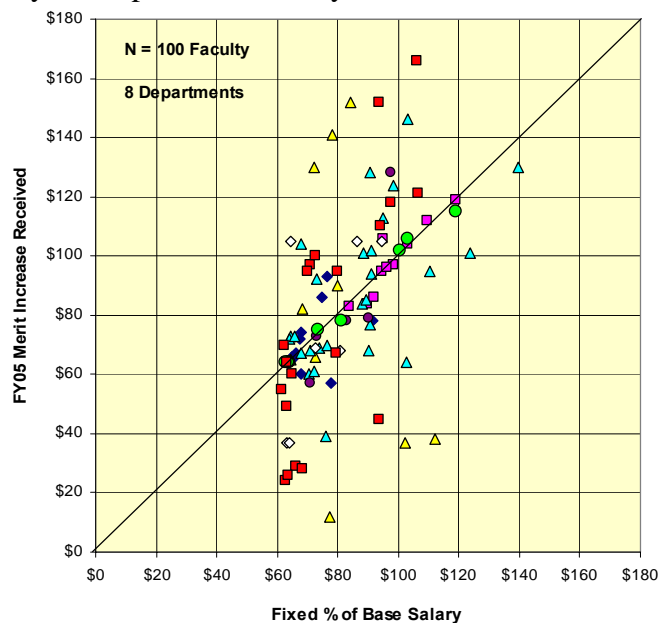
1. There was large variability in plans and practices across departments
2. Some merit compensation plans in operating papers do not appear to reward faculty achievement, rather compensate routine job responsibilities
3. Some systems appear to be proxy mechanisms to provide a simple across the board pay raise, without rigorous discrimination among differing levels of faculty achievement. Such procedures include:
 - The standardization of merit ratings that serves to homogenize scores,
 - The use of large committees to determine individual merit ratings
 - The lack of clear standards for achievement
 - The lack of emphasis on review and recognition by peers as evidence of excellence.
4. The stated goals of department did not correspond to the activities that were rewarded.
5. The current merit compensation system does not account for differential achievement of the collective department, because funds are distributed by FTE to a department and all merit determinations then are made by intra-unit comparison. The result is that “average” levels of achievement in a high achieving unit may be more “meritorious” than purported “high” achievement in unit that is lower achieving as a collective whole.

Second, FECT reviewed plots of merit compensation distribution for FY05 prepared by Dr. Don Rice, Associate Provost for Administration. The impact of the current implementation of the merit compensation procedures was compared to that described in the unit Operating Papers.

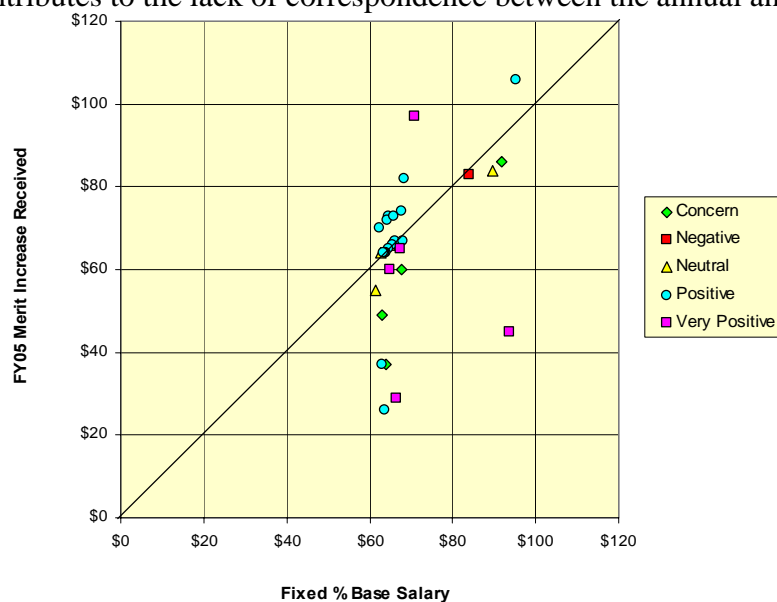
First, the distribution of merit compensation supported the observation from operating paper review that merit systems are highly variable, and in some cases, appear to be proxy mechanisms to provide simple across the board pay increases. For example, below is a plot that depicts the actual distribution of merit compensation for faculty in a college on the Y axis plotted against the fixed percentage of base salary that is specified contractually for merit compensation (this fiscal year = 1.25%). In this college, there is a very strong, in fact nearly unitary, relationship, where 90% of faculty fall within \$20 of the fixed % base salary. Such a strong relationship would be unexpected, given the number of faculty in the unit and typical variation in achievement, even year to year.



In the next figure, this same information is plotted for another college. Of note is the substantial variation in amount distributed versus the fixed % of base salary. FECT noted that several of the departments in this unit have specified concretely in their operating papers the types and levels of faculty activity that typically are expected of faculty.

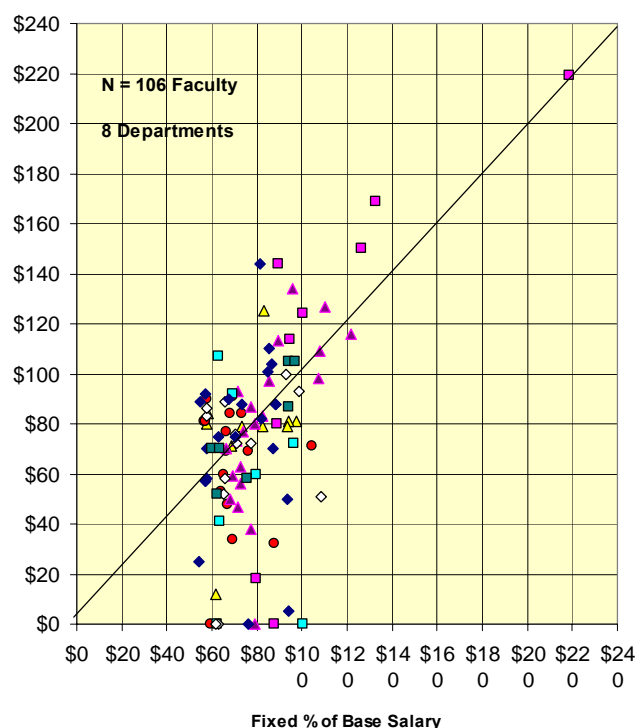
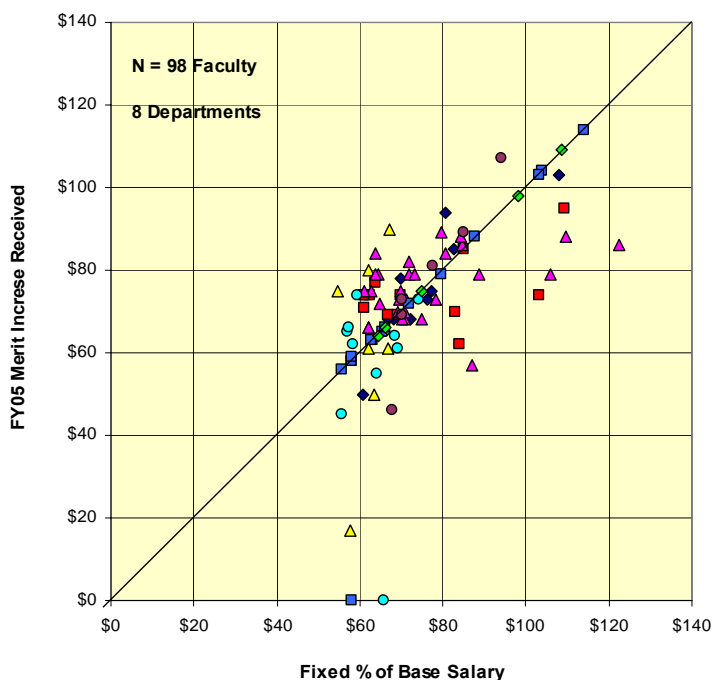


Two cornerstones of faculty excellence are promotion and tenure. Universities that foster faculty excellence provide clear and consistent feedback regarding expectations for achievement through annual performance review. For junior faculty during the probationary pre-tenure period, some college deans use the annual performance review as a time to provide the candidate additional, independent feedback in preparation for the upcoming tenure review. Associate Provost Rice reviewed these letters and rated whether they communicated significant concern, or were negative in tone, neutral, positive, or very positive. The distribution of merit compensation versus that of the fixed % of base salary were plotted by the rating of the Dean's evaluation codified in the letter. Note that amount of merit compensation received by two faculty whose evaluation letter was very positive (pink squares, bottom right corner) received less merit compensation than the fixed % of their base salary. In addition, merit compensation for two faculty whose evaluation letter revealed significant concerns received merit compensation that was very near to the fixed % of base salary. Although this data was available for only one college and FECT did not independently evaluate the achievement of these individual faculty candidates, there were substantive inconsistencies between evaluation of faculty achievement as a part of the annual review for merit compensation and the Dean's pre-tenure performance assessment. Also noted was that some systems that translate faculty activity into merit compensation have "unintended" consequences. Routine activities (e.g., teaching) are awarded with significantly more points than unique or particularly meritorious activities that are evaluated by peers (e.g. prestigious national awards), that likely contributes to the lack of correspondence between the annual and pre-tenure evaluations.



FECT review of the operating papers revealed substantial differences in the systems that were used by individual units to translate faculty achievement into a metric for distribution of merit compensation funds. In all systems however, the fundamental starting point of the process is the annual reporting of faculty activity during the year, with a subsequent evaluation to determine how the level of faculty activity translates into level of achievement, and in turn, into the distribution of merit compensation. In nearly all merit systems on campus, faculty activity currently is reviewed by the Chair and/or Personnel Committee, in an advisory capacity to the Dean. Then, the relation between the distribution of merit compensation and the fixed % of base salary were examined as a function of the type of system used to translate faculty activity into achievement. These comparisons were conducted within one college, to minimize discipline specific differences in faculty activity, and to better evaluate the relative role of the system, independent of variation in the decision maker (i.e., different deans). In the left figure are units in the college where merit compensation generally is consistent with the fixed % of base salary, where right figure depicts those units with more substantial variation in the distribution of

merit funds relative to the fixed % of base salary. One relevant comparison is among departments who use “point” systems for each faculty activity in teaching, research, and service. For example, one department might allot 4 points for teaching a class, 4 additional points if the student evaluations exceed a specific threshold, and 2 points for each peer-reviewed article published. Another department might award 10 points for teaching activities and 10 points for a performance at a nationally recognized venue. In this college, there were four departments that use such point systems, denoted by blue squares and maroon circles on the left plot, and pink triangles and aqua squares in the right plot. The remaining units used more global rating systems (e.g., summary rating from 1 to 5). In two departments, FECT review of the operating papers revealed nearly identical procedures to translate faculty activity into merit compensation. Interestingly, these identical systems yielded different results (yellow triangles on the left plot, and white diamonds on the right). Although many explanations likely underlie these distributions, and importantly, FECT review did not include independent assessment of the level of achievement of faculty in these units, the specific system used to translate faculty achievement into merit compensation did not appear to necessarily result in a wider distribution of compensation relative to the fixed % of base.



These plots also highlight the important principle that faculty achievement is distributed differentially among individuals. When rigorous evaluation by peers is used as the metric to evaluate achievement, there is inherent spread among faculty. Therefore, the amount of “merit” compensation received also should have sufficient spread to reflect differential achievement. Furthermore, greater scrutiny of the relative amount of spread in distribution of merit compensation can be an effective tool to better manage the process to foster and enhance faculty excellence.

On the basis of review of the distribution of merit compensation relative to the fixed % of base salary, FECT concluded that in many units and departments, the amount of merit compensation distributed is overly tied to base salary. Clearly, there should be some relation between salary and merit compensation, as it would be expected that faculty with higher levels of achievement would, in fact, receive more merit compensation in a given year, and would accrue more merit compensation over time with sustained achievement by that faculty member. However, in any given year, the relation between fund distribution and the percentage of base salary would be unlikely to be 1:1, given the substantial variation in faculty activity and concomitant achievement. Taken together, the lack of

consistency in distribution points to the need for greater direct management of the merit compensation system by relevant administrators, i.e., chairs/directors and deans.

Third and finally, to identify current and “best” practices and programs to foster faculty excellence, FECT also reviewed the websites of peer and aspirant peer institutions, in addition to those of the University of Illinois Urbana Champaign and Northern Illinois University. After thoroughly reviewing and considering this information, FECT developed several recommendations.

The following recommendations can be viewed as a “*platform*”, designed to foster and recognize faculty excellence – supported by four “*pillars*” that are described below. The pillars are described in the order of importance, with the individual achievement pillar first, because achievement by faculty, as individuals, fundamentally drives academic excellence. These pillars, however, are *inter-dependent*, and taken together, fundamentally could render the system of recognizing faculty achievement more transparent, fair, and effective, in order to attain the milestones in the vision set out in *Southern@150*.

One fundamental tenet of the FECT discussions was that any system established to foster and recognize faculty excellence should be targeted to the broad faculty base. Our view was that the institution benefits most from programs that encourage **all** faculty to develop and sustain academic excellence. While it is important to selectively recognize a few faculty for extra-ordinary achievement, the likely outcome of such awards likely is not the encouragement of sustained achievement in the broader faculty base. Rather, a more achievement-oriented system is necessary to provide continuous feedback and incentives to guide and shape faculty performance towards the well-articulated goals of *Southern@150*, i.e., academic excellence. To use a metaphor, the central purpose is to raise the tide for all boats, not to float an ocean-liner that renders the sea untraversable for the rest. Importantly, current campus terminology of “merit” is unfortunate and inaccurate, as it carries a surplus meaning that includes a judgment of activity “importance”. Hence, “achievement” was selected to better capture what is meant by “faculty excellence”. Although many faculty activities are important, ***not all represent achievement or accomplishment that fall under the rubric of “excellence”***.

Pillar I: Individual Achievement. Academic achievement is centered inherently and primarily on the accomplishments of individual faculty. A system to recognize faculty excellence must reflect this primary focus. The point of achievement-based compensation is to recognize academic accomplishments by the individual faculty member through compensation tied to the level of achievement judged against predetermined, objective, well-defined, discipline-specific standards.

1. Faculty (in consultation/ with oversight by Chair & Dean) need to determine discipline specific, clearly articulated, commonly understood definitions of what constitutes achievement, consistent with peer evaluation standards, with explicit guidelines that are codified in the unit Operating papers. Operating papers minimally need to address:
 - Eligibility - who qualifies for achievement-based compensation
 - Participation - the level at which each member is potentially rewarded
 - Measurement – concrete criteria used to determine payout that reflects actual achievement differences among faculty
 - Goals - determining how target levels of achievement are established and updated
 - Timing - the length of the measurement period
 - Benefits - the impact of achievement-based pay on other salary programs
 - Administration - how the plan is managed & supervised
 - Evaluation - criteria and procedures used to evaluate the achievement-based compensation process for subsequent refinement

2. Each unit should define activities that are routine or fundamental duty of the faculty role, that is, those that are *Expected* of all faculty in the unit, using clear, concrete unit-specific examples.
For example:
 - Teaching assigned courses, with ICE evaluations greater than a pre-specified rating
 - Holding office hours
 - Departmental service
 - Attending department meetings
 - Writing student letters of recommendation
 - Publishing 1 book every 9 years/publishing 1 peer-reviewed article every 3 years/performing in a local venue biennially

3. Each unit should define fair and reasonable standards for activity of its faculty, as targets that are differentiated by levels of achievement.
 - Provide clear, concrete examples of target activities that comprise *Good*, *Distinctive*, and *Outstanding* achievement levels
 - Include concrete targets for scholarship, teaching, and service activities that describe each level, which could be based on unit experience, disciplinary norms, or external benchmarks.
For example:
 1. *Good* – ICE evaluation > 4.0; *Distinctive* – ICE evaluation > 4.3; *Outstanding* – ICE evaluation > 4.6
 2. *Good* - publishing a peer-reviewed article every 2 years/a book every 7 years/one full on-campus recital with majority of new repertoire + one off campus performance of same program.
Distinctive – publish a book every 4 years/2 articles per year/several on and off campus performances with ensembles and invited performance as a conductor at a state or regional selective venue. *Outstanding* –publish 3-4 articles a year/a book every 3/performance in a national venue/Full recital or showing at a national or international level juried venue.
 3. *Good*- Discipline service, College Committee service; *Distinctive*- University-wide service, journal/book/performance reviewer; *Outstanding*- University-wide service in leadership role, Editor, Federal review panelist, Industry Consultant.
 - These example achievement targets should relate explicitly to the unit Promotion & Tenure Guidelines, to increase the consistency and transparency between annual evaluation reviews and promotion/tenure review.

4. Eligibility for achievement-based compensation must exceed the *Expected* threshold
 - Minimally, achievement-based compensation plans should not include/reward activities that are routine responsibilities or fundamental duties of the faculty role,
For example: being present to teach the class, holding office hours, departmental service, attending departmental meetings, writing student recommendation letters.
 - However, the number or percentage of faculty who are eligible for achievement-based compensation should not be fixed (e.g., only the top achieving 50% of faculty within a unit are eligible for achievement-based compensation). Faculty achievement is represented on a continuum, and incentives should reflect this distribution in order to promote continuous striving for sustained accomplishment among all faculty.

5. A period or window for achievement should be used that recognizes discipline-specific variations in achievement or accounts for the variable availability of funds in different fiscal years.
 - Some academic outputs require protracted periods of activity (e.g., writing books)
 - There are substantial differences in available monetary funds for achievement-related compensation from one fiscal year to the next.
 - Use a 3-year running average of “Achievement Index” each year to adjust for these inequities.
6. Pre-tenure evaluation should be reflected more transparently in annual reviews for the distribution of achievement-based compensation, particularly at the poles (i.e., faculty who are in jeopardy, faculty who are exceeding expectations and are eligible for early promotion).
 - Annual letters should be provided to pre-tenure faculty that characterize and evaluate performance, preferably by both the Chair and Dean, with a face-to-face meeting to facilitate common understanding among parties.
 - The letter should provide data regarding teaching, scholarship, and service performance relative to other departmental faculty and relative to those in the college, to engender self-evaluation and concrete, measurable feedback.
 - Similar feedback should be provided annually to post-tenure faculty to encourage continued growth to more advanced rank and/or further distinguished accomplishments.
 - A formal Pre-tenure, Mid-period review should be standard practice across units.
7. Prohibit “Across-the-board” achievement-based compensation.
 - Spread has the largest impact on faculty salary over sustained periods of accomplishment (see Appendix A).
 - Spread in the achievement index from lowest to top achieving faculty member should be sufficient to reflect differences in achievement, with a target of a 3 (.5 to 1.5) to 4 (.4 to 1.6) multiplier spread.
 - An achievement-based compensation system that most fairly recognizes achievement by faculty at all ranks is a percentage system, that is, where the level of achievement is translated into dollars by taking into account base salary. Although somewhat counterintuitive at first glance, a percentage system results in comparable pay between faculty of different rank of the same achievement levels over the career span. (See Attached A).
 - To assist in achieving distributional spread, a “slotting chart” that depicts the approximate target number of faculty at each index unit (based on the number of faculty in the unit) could be provided to chairs to facilitate full utilization of the target range of achievement-based compensation.
8. Increase administrative management in the distribution process of achievement-based compensation.
 - The role of the Chair is to make achievement-based compensation decisions that discern among faculty of varying levels of achievement.
 - The role of the Dean to ensure that department processes are followed as outlined in the operating paper, and minimally that the plan is not a proxy for across the board increases.

9. Currently, equity salary adjustments appear to undermine faculty merit compensation. Equity salary adjustments should be reserved for faculty whose achievement exceeds the *Expected* level.
 - Consider equity adjustment eligibility at fixed increments (e.g. at promotion, every 5 years after achieve rank of Professor)
 - The current procedure for calculating equity salary adjustments utilizes statistical regression analysis, where variables are included in the model to determine the difference in faculty compensation from peer normative values. Years in rank (at the Associate Professor level) should be included as a variable with a negative weight in the prediction equation to adjust for the lack of further promotion.
10. Establish a “special achievement” fund for out-of-cycle achievement compensation (e.g., faculty are at risk to leave/critical to retain).
 - For example, in the College of Business and Administration, the Dean retains a fixed percentage of the current merit pool to additionally compensate faculty of particularly high achievement.
 - These funds are available for distribution to limited number of individual faculty with justification (according to specific criteria) by the Chair, with review by an advisory faculty committee
 - Another example, the college Promotion and Tenure Review Committee could select particular faculty whose achievement is particularly significant for additional compensation.
 - Colleges should determine best procedure for their unit to accomplish this objective.
11. Utilize differential duty assignments to reflect tenured faculty interests and abilities
 - Tenured faculty vary with respect to their relative skills and abilities in scholarship, teaching, and service. Duty assignments should capitalize on faculty interest and strengths, while fostering departmental flexibility to meet scholarship/teaching/service responsibilities.
 1. Differential assignments facilitate a fairer judgment of faculty achievement in the context of actual academic activity.
 2. The “differential” nature of the assignment should be relative, and balance the needs of individual faculty member and those of the department. Oversight and monitoring is critical to ensure assignment fairness.
12. Service activities vary in scope and demand. Many external service duties serve to increase the reputation of both the faculty member and of the university as a whole. Furthermore, extramural and campus wide/college committee service is an important marker of faculty achievement. Departmental service, while potentially very time consuming and critically important, is a responsibility of faculty members, and therefore, considered a routine and fundamental duty of the faculty role.
13. Achievement-based compensation is critical to foster faculty excellence and reward achievement. The percentage of funds allocated to achievement-based compensation should be maximized, as much as possible.

Pillar II: Unit Achievement. Faculty excellence is composed of more than individual faculty achievement. Units vary with respect to their achievement, a reflection of the achievement of the collective whole. This simple truth is evident in, for example, the departmental program review that is done on a periodic basis or the departmental rankings that are conducted by the National Research Council. “Excellent” departments, as an aggregate whole, are central in attracting and retaining excellent faculty and students, beyond that of the individual faculty of which a department is composed. Departments already compile “dossiers” to report annual scholarship to the Vice Chancellor for Research, and similarly teaching activities of the unit are recorded by the Office of Institutional Research. Achievement-based compensation can draw upon these existing reporting procedures to provide a system for fostering and recognizing achievement at the departmental level.

Critically, **new** fiscal resources (*separate* from the current FTE percentage-based merit funds) should be established to distribute to additional compensation to units that have collectively demonstrated significant achievement. New funds are critical because currently the FTE percentage-based system is so small that any reduction in these funds would impair the goals of individual achievement described in Pillar I. Such Unit or team-level incentives are a common, effective tool used in the rest of the economy to promote collective outcomes.

14. There is wide variation in faculty achievement across departmental units. Because current merit compensation procedures are based on evaluation of faculty achievement relative to other faculty in the unit, faculty achievement is undervalued in units that are composed predominantly of faculty with high achievement levels.
 - Provide a centrally held, **separate** pool of funds to **enhance** the current individually based achievement-based compensation system that is the focus of Pillar I.
 - Funds held by Provost
 - Eligibility of faculty within the unit is predicated on meeting achievement levels articulated in Pillar I.2
 - Consider tying distribution to unit directly to concrete goals or achievement targets, mutually agreed upon in advance by unit faculty, Chair, and Dean.
 - Dean would request fund distribution from Provost by justifying (according to predetermined, specific criteria) distribution to a unit to augment individual achievement-based compensation. An advisory committee, composed primarily of faculty, would review requests and make recommendations to Provost for distribution.
15. Encourage departments to engage in thoughtful, strategic planning on a regular schedule to set goals and develop action plans concerning scholarship, teaching, and service, as articulated in the *Southern@150* plan.
 - Benchmarking might be useful in this process by providing specific, external targets for faculty and the unit more broadly.
 - Minimally, Program Review is an institutionalized process that provides a natural and sustainable opportunity to engage in planning and self-evaluation activities on a routine basis. Rigorous program review on the current 7-year cycle is recommended.
 - The goal of defining targets that comprise differing levels of achievement is to foster faculty excellence. Over time and with sustained achievement by a unit, ultimately the standards for the activities that comprise *Good*, *Distinctive*, and *Outstanding* levels of achievement will require revision. Unit level achievement-based compensation ensures that faculty in those units whose evolving standards increasingly incorporate greater faculty achievement and excellence will be rewarded accordingly.

Pillar III: Achievement Incentives. “Incentive” systems are being studied in many universities as a potential tool to foster faculty achievement by returning the yields of faculty efforts “locally”, that is, back to faculty and units who generate them, in order to further increase faculty and unit achievement.

16. Consider the feasibility of an Incentive Plan for SIUC. The attached Auburn Incentive Plan is well characterized and represents a point of departure (see Appendix B). Issues to be considered include:

- Adequate return distribution of target funds (e.g., salary release) at all levels (faculty, department/unit, and college)
- Ensure program benefits are realized equitably, as there are significant differential opportunities for participation among disciplines.

Pillar IV: Enhanced Visibility of Faculty Excellence.

17. Current award structure (e.g., Outstanding Scholar and Outstanding Teacher) is designed to accomplish this objective. This program could be extended, with such programs likely to have high yield for relatively low cost.

- Administer small prizes for noteworthy accomplishments, such as:
 - Season athletic or Shryock series tickets for one year;
 - A new class of “silver” parking stickers;
 - Additional travel money administered by ORDA.
- Establish *Southern@150* Faculty Excellence Hall in Student Center, with pictures of outstanding faculty and a short achievement summary.
- Named, standing weekly/monthly column in DE or Southern Spotlights that recognizes faculty achievement in scholarship/teaching/service
- Display products of sabbaticals to better demonstrate achievement and benefits.
- Determine the feasibility of early eligibility for sabbatical leave and/or duty assignment change if a faculty member has demonstrated sustained excellence in achievement, for example, through internal release time for a *Southern@150 Excellence Fellowship*.

ATTACHMENT A

- Suppose four departments (A, B, C, & D), each Dept. has 9 faculty: 3 Assistant Profs (A1, A2, & A3), 3 Associate Profs (S1, etc.), and 3 Full Profs (F1, etc.), with initial salaries set at \$40,000, \$50,000, and \$60,000 for Asst., Assoc, & Full, respectively. 2% was available for merit & distributed across faculty (by either the % or \$ method). Following salary was run *only for the 2% merit, but if one assumes* that there also was an across-the-board salary raise at least equal to inflation, then the salaries would be in real \$: i.e., controlling for inflation that would not vary by time per se.
- In each rank, 1 faculty performs just above *Expected* level (A1, S1, & F1), one performs at *Typical* level (A2, etc.), and one performs at *Distinctive* level (A3, etc.).
 - In the narrow spread: achievement index ratios are 0.98, 1.00, & 1.02
 - In the broad spread: ratios are 0.5, 1.00, 1.5, a multiplier of 3.
- Current merit system is an intra-departmental, zero-sum system: increasing one person's merit \$\$, decreases someone else's. Two actual methods are practiced.
 - % method: current salary * merit raise (e.g., 2%) * merit ratio (e.g., 1.25).
 - \$ method: average dept salary * merit raise * merit ratio; where the \$ method is often proposed as more "fair": "a published article should be worth the same \$\$ whether it is published by a lower-paid Asst. or higher-paid Full Prof.
 - Depts A & B use the % method, Depts C & D use the \$ method.
- Salaries were run from 2000 to 2030, but summarized as "retiring salaries" for the Full Profs (in 2000) after 10 years (2010), the Associate Profs (in 2000) after 20 years (2020), and the Assistant Profs (in 2000) after 30 years (2030).

		\$000s	2% avail. in merit			
Dept A			consistent .98, 1, 1.02 merit ratios			
	% method	2000	2010	2020	2030	
A1	0.98	40.00			71.607	Notes Very little spread even after 30 years! Real \$ salaries stable 2010, 2020, 2030.
A2	1.00	40.00			72.454	
A3	1.02	40.00			73.312	
S1	0.98	50.00		73.717		
S2	1.00	50.00		74.297		
S3	1.02	50.00		74.882		
F1	0.98	60.00	72.853			
F2	1.00	60.00	73.140			
F3	1.02	60.00	73.427			

		\$000s	2% avail. in merit			
Dept B			consistent .5, 1, 1.5 merit ratios			
	% method	2000	2010	2020	2030	
A1	0.50	40.00			53.914	Notes Considerable spread, even after 10 years! Salary spread expands over time. Real \$ salaries stable for merit of "1" over 2010, 2020, 2030.
A2	1.00	40.00			72.454	
A3	1.50	40.00			97.090	
S1	0.50	50.00		61.010		
S2	1.00	50.00		74.297		
S3	1.50	50.00		90.306		
F1	0.50	60.00	66.277			
F2	1.00	60.00	73.140			
F3	1.50	60.00	80.635			

		\$000s	2% avail. in merit		
Dept C			consistent .98, 1, 1.02 merit ratios		
	\$ method	2000	2010	2020	2030
A1	0.98	40.00			79.757
A2	1.00	40.00			80.568
A3	1.02	40.00			81.379
S1	0.98	50.00		73.811	
S2	1.00	50.00		74.297	
S3	1.02	50.00		74.783	
F1	0.98	60.00	70.731		
F2	1.00	60.00	70.950		
F3	1.02	60.00	71.169		

Notes

Very little spread even after 30 years!
Real \$ salaries increase dramatically over 2010, 2020, 2030.

		\$000s	2% avail. in merit		
Dept D			consistent .5, 1, 1.5 merit ratios		
	\$ method	2000	2010	2020	2030
A1	0.50	40.00			60.284
A2	1.00	40.00			80.568
A3	1.50	40.00			100.852
S1	0.50	50.00		62.149	
S2	1.00	50.00		74.297	
S3	1.50	50.00		86.446	
F1	0.50	60.00	65.457		
F2	1.00	60.00	70.950		
F3	1.50	60.00	76.425		

Notes

Considerable spread, even after 10 years, huge over 30.
Salary spread dramatically expands over time.

Real \$ salaries increase dramatically for merit of "1" over time.

Huge differences in real \$ salaries by rank.

** Dollar method very strongly favours junior faculty.

ATTACHMENT B

Report of the

Research and Scholarship Incentive Plan Committee

Prepared by

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and the Committee

March 13, 2003
(Consolidated Report Revision Number 4.0)

Status: FINAL VERSION
Submitted to the
Office of the Provost

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1 Introduction and Scope

This document represents the final report from the *Research and Scholarship Incentive Plan* (RSIP) Committee and is presented to the Office of the Provost, as an advisory report. Please see the note at the start of Section 2.1 for further clarification.

1.1 Charter and Membership of the Committee

The RSIP Committee was established in December 2002, by the Interim Provost and Vice President for Academic Affairs (Dr. John F. Pritchett) to consider a policy, “The Research and Scholarship Incentive Plan”, proposed by the Associate Provost and Vice President for Research (Dr. C. Michael Moriarty). Details of Dr. Moriarty’s proposal may be found in the minutes of the November 12, 2002 Senate meeting (<http://www.auburn.edu/administration/governance/senate/11-12-02minutes.htm>), at which this policy was presented for discussion.

Membership of the Committee includes faculty, department and college administrators and members of the central administration. The Senate Rules Committee provided input on the faculty membership of the Committee, including nominating the individual (Gale) who was later appointed by the Interim Provost as the Chair of the Committee. Membership in the Committee is as follows:

- ❑ **Faculty:** Mary Boudreaux (Vet.), Joseph Buckhalt (Edu.), William Gale (Eng.), Dean Gjerstad (FWS), Jennifer Kerpelman (Hu. Sc.), Jeffrey Sibley (Ag.), Douglas White (Hu. Sc.) and David Worley (COSAM).
- ❑ **Deans, Department Heads and Center Directors:** Bruce Berger (Phar.), Timothy Boosinger (Vet.), Henry Burd (Bus.) and Donald Conner (Ag.).
- ❑ **Central Administration:** Robert Montjoy (Asst. VP Out.), Mike Moriarty (VPR), Marcie Smith (Controller) and Martha Taylor (Dir. OSP).

Dr. Pritchett gave the RSIP Committee the following charter:

1. Review the proposed Research and Scholarship Incentive Plan. Suggest modifications and improvements, as appropriate.
2. Suggest, to the extent possible, safeguards against abuse.
3. Review the objectives of the Research and Scholarship Incentive Plan. Suggest modifications and improvements, as appropriate.
4. Suggest appropriate initial criteria to assess accomplishment of objectives at the end of the pilot period.

At the request of the Committee Chair, the Committee’s charter was subsequently extended so that the Committee could consider the broader implications of the RSIP.

1.2 Input Provided to the Committee

Dr. Moriarty's original proposal for the RSIP was modeled closely on a similar program, at West Virginia University (WVU). In considering the proposed policy, the Committee sought the widest possible input, through the following:

- ❑ A survey of other Universities, conducted by the VPR.
- ❑ The transcript of comments made by Senators and others at the November 12, 2002 Senate meeting.
- ❑ The outcome of two formal requests for faculty comments, made via "auprofs" and other mailing lists. One of these requests occurred at the start of the Committee's work and the other after the present report was made available, on the Web, in draft form.
- ❑ Formal and informal requests for information from faculty and administrators at a number of institutions. This drew both on the contacts of individual Committee members and suggested contacts provided by the faculty at large, during the comment period*.
- ❑ Detailed quantitative analysis of the likely impact of the RSIP on individual faculty test cases (to reduce the burden on the general faculty, faculty members on the Committee volunteered to provide the necessary data).
- ❑ Statistical data on the University's finances, provided by various units of the administration.

The Committee Chair also made a presentation to the University Senate on the process to be followed by the Committee and sought input from the Senate on this process. A detailed presentation on the draft report was subsequently made to the University Senate.

This final version of the Committee's report incorporates a number of revisions arising from comments, on the draft report, made by members of the University community.

* In an informal discussion with Senators, after the RSIP Committee presented its draft report to the University Senate, the suggestion was made that a clearer understanding is needed of why the implementation of salary incentive policies is not more universal amongst major universities, in disciplines outside the health sciences. In view of the difficulties experienced in gaining a response to external requests for information, the proposal was made that the best way to obtain such information is via direct contact between Senate officers at AU and their counterparts at other institutions. Unfortunately, the RSIP Committee was not able to act on this suggestion, since this came too late in the Committee's work, but this is recorded here for the benefit of any future work on incentives.

2 Proposed Policy

2.1 Important Note

The proposed policy described below represents the consensus viewpoint of the RSIP Committee. The proposed policy is presented as an advisory report and does not represent official Auburn University policy. Although this document describes the agreed position of the Committee as a whole, this does not imply unanimous support for all aspects of the policy.

2.2 Background

In comments received from the faculty and others, during the initial consultation period established by the Committee, several issues were apparent:

- ❑ The idea that the faculty will receive only 75 % of the salary savings was very unpopular, even when it was explained that currently faculty receive nothing.
- ❑ Some departmental and college administrators were very concerned about the impact that loss of released state funds will have on the ability of their units to operate.
- ❑ Many faculty expressed concerns over the ability of departments and colleges to opt out of the RSIP.
- ❑ The eligibility criteria need to be clarified.
- ❑ Concerns over how the money can be allocated need to be addressed.
- ❑ Individual units have a diversity of funding structures, plus widely varying financial needs and funding sources.

The policy changes proposed below are intended to balance these conflicting considerations.

2.3 Note on Policy Name

The Committee felt that the term “Research and Scholarship Incentive Plan” (RSIP) is doubly unfortunate. Firstly, this seems to imply that research is not a form of scholarly activity and secondly this gives the impression that other activities, such as outreach, are excluded. The Committee recommends that the RSIP be renamed the “*Incentive Plan*” (InP).

2.4 Revised Policy

The following revised version of the InP (*formerly RSIP*) is proposed to address the issues outlined above:

1. Any Auburn University employee eligible to serve as either the Principal Investigator (PI) or Co-Principal Investigator (Co-PI) on externally funded projects will be eligible to participate in the InP (examples of eligible individuals include, but are not limited to: tenure track faculty, research track faculty and extension/outreach faculty). The term “individuals” is used in a generic sense throughout this document to indicate eligible persons.
2. The InP is predicated on demonstrated savings in State salary support. Therefore, any individual with at least a portion of their salary allocated from State funds* (“hard money”) is automatically eligible to participate, subject to the stipulations of item “6” of the policy. Salary savings can arise from extramural funding of research, educational and/or outreach activities. Support from one-time State funds or other earmarked State funds (*e.g.* a grant from a State agency), does not count as hard money savings for the purposes of the InP. In rare cases where mainline State funds are difficult to distinguish from special funds, the arbitration procedure outlined in item 13 will be invoked.
3. In the case of individuals whose salary is allocated entirely from non-State funds (“soft money”) eligibility would depend on a demonstration of hard money savings elsewhere in the budget. In this case, the onus would be on the individual concerned to make this demonstration, although the unit head(s) and dean(s) concerned would be expected to cooperate fully in this process.
4. Participation will be optional for eligible individuals, so long as their unit-specific policy (see item “6”) does not preclude this. In no cases can individuals be compelled to participate in this program.
5. By default, eligible individuals participating in the InP will receive 75 % of the State salary savings they generate. These funds may be used as specified in items “7” and “8” below. By default, the remaining 25 % of the salary savings are retained by the individual’s home unit (department or equivalent) for use as determined by the individual unit. If more than one individual and/or unit is involved, funds are allocated to individuals and their home units in proportion to the salary savings generated by each individual. In the (hopefully rare) event that this allocation can not be resolved amicably between the individuals and units involved, the arbitration procedure described in item 13 will be invoked. None of the salary savings will be allocated to the administration of colleges and schools (except those schools that are not departmentalized), since the InP will most strongly impact the finances of the home units of participating individuals.

* State funds are those funds which are identified as base budget accounts within the unrestricted general funds. Base budget accounts would **exclude** expenditures budgeted on revenues such as departmentally generated soft funds, individual college course/differential tuition fees, contracts and grants, gifts, and auxiliary revenues.

6. It is recognized that the financial arrangements underpinning individual units differ widely across the University. Also, the University does not have either a uniform workload policy or employment contracts defining the responsibilities of individual faculty. In recognition of this situation, individual units (departments or equivalent) shall have the right to modify the split contained in item “5”, but only **after the first year of the InP pilot program** (to allow time to resolve administrative/technical problems with the default version of the plan – see Section 6 of this report). The range of acceptable unit-specific policies will be determined at the end of the first year of the pilot program (so that these can be structured to respond to problems that are encountered with the default plan – see Section 6 of this report). However, it is anticipated that these policies might range all the way from giving 100 % of the salary savings to the individual who generated them, to opting out of participation in the InP entirely. It is also anticipated that units could also elect to fund some or all of the incentive through the use of their **unit** indirect cost returned equivalent (ICRE) funds (this would imply saving hard salary money by using ICRE). In all cases, units would have to find a means of funding what they propose, without recourse to additional resources from the college or central administration. Unit-specific policies are subject to the following safeguards:

- I. The policy established by individual units must treat comparable individuals equitably, with respect to InP eligibility*.
- II. A uniform policy must apply to all eligible contracts/grants.
- III. A decision to establish a unit-specific policy that differs from item “5” of the InP will require a simple majority in a secret ballot of all individuals within the unit who meet the eligibility criteria defined in items “1” to “3” above. The results of this vote will be binding on all persons within the unit, subject to the provisions of item “4” of the InP.
- IV. If a unit is unable to obtain a simple majority in favor of a unit-specific policy, the default policy defined in item “5” above will remain in force.
- V. All unit-specific plans must be based on overloads on assigned duties, since the underlying concept of the InP is to provide compensation for such overloads.
- VI. The unit can change their policy from time to time by repeating the vote. However, to minimize administrative difficulties, such votes must not take place more than once a year (although an additional vote would be permitted, in the event that a new unit head/chair is appointed/elected). Also, the result of the vote would only become effective at the start of the next financial year.

* Some units currently have policies that set different (for example soft money salary support) expectations for individuals of different ranks (such as untenured tenure track faculty versus tenured faculty). Any equity issues related to such policies are beyond the scope of the InP.

- VII. Units would be responsible for reporting, in a timely fashion, their policy through the University's financial management chain (failure to do so would automatically invalidate all unit-specific policies).
- VIII. The plan would have to be approved by the dean of the college or school involved (this may be compared with the procedure by which units can elect a chair, following which the unit's choice is then approved by the dean).
- IX. Notwithstanding the desire to allow individual units the flexibility to address unit-specific problems, providing an unlimited range of options for units would make the InP extremely difficult to implement. This situation would place an unreasonable burden on unit, college and central financial personnel (especially at the unit level, as many departments do not have specialist accounting staff). The implementation of a wide range of policies is also beyond the capabilities of the current AU financial records software. Thus, with detailed input from all parties involved in the InP (faculty, staff and administrators) a palette of acceptable policies will be developed, after the initial year-long phase of the InP has been completed (see Section 6 for details). The Provost would appoint a committee, including faculty (selected by the Senate Rules Committee), unit/college administrators and representatives of the central administration to establish the range of acceptable policies.
- X. Under **no** circumstances can unit-specific policies require access to college or central ICRE monies*. As discussed above, units may be permitted to develop policies that use the **unit's** own ICRE funds.
- XI. Given that unit-specific plans are required to be self-financing, the relevant dean would have the right to terminate a unit specific plan, without notice, in the event that there is clear and unequivocal evidence that the unit has acted in a fiscally irresponsible fashion and is unable to meet its overall financial obligations, as a result.

Some non-binding guidance on the establishment of unit-specific policies may be found in the Appendix.

- 7. Eligible individuals may receive no more than 20 % of their baseline salary (academic year salary for a nine month employee, or calendar year salary for a 12 month employee) in the form of a salary supplement. However, eligible individuals may elect to use some or all of the InP funds for other legitimate University purposes (examples would include, but are not limited to, acquisition of computers, travel to international meetings, purchase of equipment, or support of graduate students).

* The rationale behind this restriction is that college and OVPR ICRE pools are heavily committed to costsharing on other awards. Furthermore, use of the general fund would result in a shortfall that could only be made up by means of a fee increase for students.

8. In the event that eligible individuals have funding to exceed the salary supplement caps specified in item 7, any additional salary savings can be used for other legitimate unit purposes (see item 7 above), subject to item “5”, as amended by any unit-specific policy established under item “6”. In most cases, the unit would allocate these funds for use by the individual who generated them, but this falls under the category of unit-specific policies.
9. Any given dollar of State salary savings can be allocated to either release time, or the InP, but not both. However, this does not preclude eligible individuals from opting for a mixture of release time and the InP. At the present time, the University has no uniform workload policy. Indeed, release time policies (and the value of release time) differ widely between units. Hence, the extent to which release time can be provided by an individual unit (and the benefit, if any, this has for the individual) will remain a matter for negotiation between the individual and the unit head, as at present, until such time as the University establishes a uniform workload policy.
10. The InP represents an overload on current duties (such as instruction, service and/or outreach) and is not a justification for individuals to either abandon existing duties, or to decline to take on new responsibilities that might reasonably be expected of them. In the event that a unit head has clear evidence that existing duties are being neglected and/or reasonable new duties refused, then the unit head shall have the right to request that an individual’s participation in the InP be terminated by the University’s central administration, as follows:
 - I. Evidence of failure to perform duties could be quantitative (*e.g.* a sudden and otherwise inexplicable drop in teaching evaluation scores), qualitative (*e.g.* an unwillingness to participate in departmental service), or a combination of the two, but must be clear and documented.
 - II. Either the unit head or the individual involved may make recourse to the arbitration procedure outlined in item “13”.
 - III. If an individual’s participation in the InP is terminated due to violation of the rules of the program, further participation shall be forbidden for the following three financial years (plus whatever portion of the present financial year remains).
 - IV. Abandonment of current duties and/or declining to take on new responsibilities shall not (in and of themselves) be grounds for the University to demand a refund of payments already made. However, in cases where the individual has violated University or State ethics or other policies, standard University disciplinary procedures and sanctions will be followed.
11. The InP is funded with released State funds, not sponsor funds. As such, the sponsor is not providing a salary supplement and hence sponsor rules regarding such supplements are irrelevant. However, **all** of the following criteria must be satisfied in order for salary savings generated as a result of a given grant to qualify for the InP (these are not new rules, merely a summary of cost accounting standards):

- I. The sponsor must permit nine month salary support on the award.
 - II. Any nine month salary support must be demonstrated to be necessary to complete the statement of work (or equivalent) on the award. This is already a part of the proposal approval process.
 - III. Any budget changes on existing awards (*e.g.* from materials and supplies to salaries), must be justified in terms of the statement of work and approved in writing by authorized officials of both the granting body and the University, as per current procedures.
 - IV. Any specific stipulations of the award must be adhered to.
12. For planning purposes, it is important that the extent of InP participation shall be known in time for the start of the financial year. However, it is recognized that the lead time on grants is long and the outcome of any given proposal is uncertain. Thus, prior to the start of the financial year, the eligible individual shall prepare a good faith estimate of their likely use of the InP during the coming year. This will form the basis of an InP agreement between the individual, their unit and the administration, but will be subject to amendment on a quarterly basis during the financial year. InP payments will be made semi-annually in May and November. The May payment will be for supplements earned during July – December of the previous year. The November payment will be for supplements earned during January – June of the current year*. However, it must be accepted that changes in the InP agreement during the financial year are likely to result in payments being one payment period in arrears. In no case shall an eligible individual receive a salary supplement before the salary saving supporting this has actually been generated.
13. It is anticipated that almost all disputes arising over this policy can be settled via informal discussions amongst the individuals involved and their local administration. However, in the event that disputes can not be resolved, a Committee consisting of equal numbers of faculty and administrators (the former appointed by the Senate Rules Committee and the latter by the Provost, with a chair elected by the appointees from within their number) will be appointed to attempt to resolve InP-related disputes informally and with a minimum of discord. This Committee will provide a non-binding advisory report to the Provost who will then act on the matter concerned. However, this Committee and process will be strictly subordinate to normal Auburn University disciplinary and grievance procedures/rules.

* Under current AU policy, PIs or unit heads are required to verify personnel activity on sponsored programs, on a 120 day cycle. InP payments must therefore be made substantially in arrears to allow verification and (in the case of errors) correction of personnel activity on contracts.

14. The basis of the InP is overloads on assigned duties. In the absence of a University-wide workload policy, it will be the responsibility of individual units to develop a clear, consistent and equitable means for documenting assigned responsibilities/workloads and any overloads on these. All documentation prepared and maintained by the unit must be clear and detailed enough to ensure compliance with OMB Circular A-21 *“Cost Principles for Educational Institutions”* (for full details of these Federal regulations, please see <http://www.whitehouse.gov/omb/circulars/a021/a021.html>) and to satisfy the demands of any future internal, State or Federal audits.

15. The Provost will have overall responsibility for management of the InP.

2.5 Appendix – Non-Binding Example of Departmental Procedures for Addressing Item #6 of the Policy

In some cases, participation in the InP by tenure track faculty or other eligible individuals would have a very damaging effect on the finances of their individual units. In such cases, the unit might reasonably expect individual faculty to contribute a portion of any salary savings (soft money) to the unit’s payroll. Units may also have other local problems related to this policy. Item “6” of the policy defines the general procedure to be followed in these circumstances, but the detailed implementation of item “6” is a matter for individual units (departments or equivalent).

For the convenience of individual units, an example is provided below of some detailed procedures that might be followed when a unit wishes to move away from the default 75 % eligible individual / 25 % unit split of the InP funds. The following is provided purely as an example and units are bound only by the specifics contained in the body of the policy (to be amended as described in Section 6).

The following steps could be undertaken by the unit:

- I. The unit’s director might document that it is impossible to meet the unit’s payroll and/or other obligations without recourse to soft money contributions from the faculty/staff. This documentation would be provided to all individuals in the unit concerned who are eligible to participate in the InP. In most units, a simple one page spreadsheet based on current and recent historical data on unit finances (similar to those documents already prepared for budgetary purposes) would be sufficient.
- II. In the light of “I” above and based on the requirement that all comparable individuals within the unit must be treated equitably, the unit’s director might then propose a possible InP split between eligible individuals and the unit.
- III. The InP provides for the possibility of units making changes in their InP participation over time and specifies that units are responsible for the consequences of their choices in this regard. Thus, the unit’s head might formulate and present a plan for reducing (or possibly eliminating) the unit’s dependence on soft money salary support within a reasonable timeframe (say three years). This plan would spell out any necessary sacrifices, as clearly as possible.

- IV. The unit would then discuss, amend and finally vote on their InP participation, the latter as stipulated by item “6” of the policy. The range of acceptable unit-specific policies has not yet been set (see Section 6 of this report for details). Hence, the following examples are strictly hypothetical. These examples are provided purely for illustration and discussion purposes and will not necessarily be offered. It is also possible that other arrangements compatible with the basic stipulations of the InP may be permitted:
- ☐ A simple percentage split could be established between eligible individuals and their unit. An example of such a split would be 50 % eligible individuals / 50 % unit on all salary savings.
 - ☐ A unit could establish a requirement for a minimum soft money contribution to the unit budget, before individuals become eligible to participate in the InP. For example, such a policy could specify that eligible individuals must provide 10 % of their baseline (9 or 12 month as appropriate) salary to the unit. Any remaining salary savings above this level would be available for use by the eligible individual.
 - ☐ A unit could choose to make arrangements for sharing InP funds amongst members of the unit. For example, this sharing might be for the purpose of rewarding members of the unit who are not directly eligible to participate in the InP (*e.g.* individuals on 100 % soft money appointments), but have made major contributions towards obtaining external funds.
 - ☐ The unit could choose not to participate in the InP in times of a defined level of financial emergency.
 - ☐ The unit might choose to opt out of the policy entirely.
 - ☐ Units could elect to fund some or all of the incentive through the use of their unit’s indirect cost returned equivalent (ICRE) funds (under the terms of the InP non-unit ICRE accounts are off-limits). This would have to involve salary savings, by releasing hard money salary dollars using ICRE funds. Nonetheless, the salary savings on individual positions would be “decoupled” from the incentive payments made to different members of the unit. Such a policy would, for example, allow an incentive to be paid to individuals on 100 % soft money.

3 Limitations of the Proposed Policy

3.1 Introduction

The view of the Committee was that a policy such as the InP (*formerly RSIP*) is unable to address the full range of issues, related to providing incentives to encourage, reward and retain productive faculty. As an aid to future work in the area of incentives, the Committee has documented what it considered to be the most important of these outstanding issues.

3.2 Specific Issues Not Addressed by the InP

The following is a list of issues that the Committee considered to be significant, but which are not addressed by the proposed InP:

1. In its default form, the InP does not provide a mechanism for rewarding the scholarship of faculty whose sponsors do not permit requests for faculty salary during the academic year.
2. Except where individual units elect to adopt their own policy, the InP does not provide a means of rewarding research faculty or other employees on 100% soft money.
3. The InP does not provide a mechanism for rewarding faculty whose high quality scholarship is not competitive for extramural funding (*i.e.* where a mechanism does not exist for the faculty to obtain grant support for the type of research involved).
4. The InP does not provide rewards for teaching and extension (or other outreach) scholarship, except in cases where this is funded through non-State dollars.
5. Although the proposed policy includes a mechanism for guarding against individual faculty grossly neglecting their assigned duties, it does not provide a means of safeguarding against a more generalized, or subtle loss of quality and/or effort in teaching and service.
6. Beyond providing units with the ability modify the InP, the proposed policy does not address cases where departments need to use the salary savings to fund GRAs, GTAs, adjunct faculty, purchase equipment, *etc* (see also item 13).
7. The policy does not address any problems resulting from lack of support for building externally funded activities from some department heads and deans.
8. Questions have been raised about InP-induced effects on future merit raises and hard money allocations.
9. Concerns persist that the InP will increase what is already a too large discrepancy in salaries across disciplines.
10. The policy is not able to address the lack of a clear, official University-wide definition of what constitutes a “full” workload.

11. Potential issues of fairness and equal treatment are implied by the limited scope for participation in an incentive program funded by salary savings*.
12. Problems with distinguishing clearly between State and non-State funds remain in some cases.
13. Currently, a sizeable portion of the personnel funds requested from sponsors are for the support of GRAs. There is a concern that some faculty requests, for support of their salary, may be at the expense of GRA support. If widespread, such redistribution of soft-money funding for personnel costs could lead to a noticeable reduction in the total number of GRAs supported. However, this concern would only arise in the event that the InP fails to lead to a significant increase in the total amount of external funding received by the University.

3.3 Placing the InP in Context

The view of the Committee is that the InP is just one piece of a much larger picture in terms of recruiting, encouraging and retaining meritorious faculty. The Committee recommends that additional policies be developed to address these needs, with the recognition that financial resources will be in short supply for the foreseeable future.

* The Committee did consider funding incentives out of indirect cost returned equivalent (ICRE) funds, *i.e.* returned overhead, but envisaged problems with this. If departmental ICRE were used, loss of these funds might greatly damage the operation of many departments that are very active in externally funded activities. College and OVPR ICRE funds are needed to fund sponsor-mandated costsharing on grants. If the supplement were taken from the portion of the ICRE that goes into the general fund, then the ultimate consequence of the resulting shortfall would presumably be a fee increase for students. Hence, the Committee rejected the idea of using ICRE by default. However, since units have the right to set their own procedures, from a list of options to be determined and subject to the safeguards set out in the general policy, this option may be open to individual units, for their departmental ICRE funds.

4 Explanation and Clarification

In the course of developing the proposed policy and discussing this with faculty, it has become clear to the RSIP Committee that there are a number of frequently asked questions (FAQs). Answers to these FAQs are provided below. This section of the report also includes several flowcharts explaining various aspects of the policy and a recommendation for training of the persons who would be responsible for implementing the plan.

4.1 Frequently Asked Questions

Please note, that these items are meant to be read in the order shown.

- Q1. What is the Incentive Plan?
- A. A means by which “salary savings” can be used to fund salary supplements and other legitimate university expenses (*e.g.* computers, overseas travel, equipment *etc.*)
- Q2. Where do “salary savings” come from?
- A. When external, non-State funds (“soft money”) are used to fund baseline salary, this frees up State funds (“hard money”). The freed up hard money is the salary saving.
- Q3. If I receive a salary supplement under this plan, does this mean that the sponsor is paying for the supplement?
- A. No – that would not be permissible under Federal regulations. The key point is that freed up State funds pay for the supplement. Sponsors have no say in how State funds are spent.
- Q4. Who can participate in the Incentive Plan?
- A. Anybody who can produce a salary saving. In the default version of the plan, this means an individual who serves as the PI or Co-PI (or equivalent for agencies that use different terminology) on an external grant. Some, non-PI/Co-PI (usually faculty) investigators may be able to meet the eligibility criteria in terms of State salary savings, but this will need to be established on a case by case basis.
- Q5. What kind of grants can be used to generate soft money?
- A. Any award(s) from a non-State source that permit “baseline salary” support. This can include awards for research, instruction and outreach (or a combination of these). However, in all cases, the baseline salary support must be demonstrated to be necessary to complete the work.
- Q6. What is meant by the “baseline salary”?
- A. The baseline salary is the academic year salary for nine month employees and the calendar year salary for 12 month employees.
- Q7. How does release time play into this?
- A. Any given dollar of salary savings can be used to fund either release time or the Incentive Plan, not both. However, this doesn’t preclude an individual from receiving both a salary supplement and release time (and they can be based on either the same contract, or different contracts).

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- Q8. All of my salary is currently supported by soft money, can I participate in the plan?
A. Not directly. However, departments can elect to address this problem with their share of the salary savings.
- Q9. I am a nine month employee and I have a grant that does not allow academic year salary support. Can I still use this to generate a salary saving?
A. No. However, departments can make their own arrangements (from a list of options to be determined) with their share of the salary savings.
- Q10. How are incentive funds split?
A. By default, 75 % of the salary savings go to the individual generating them and the remainder is retained by their parent department. However, departments can elect to adopt their own policy regarding the split.
- Q11. How does a department (or equivalent) make its own policy?
A. By a vote of all individuals potentially eligible to participate in the Incentive Plan (even if they can't participate right now, because they don't have external funds). Generally, this would mean the faculty, but in some departments research staff members may also be eligible.
- Q12. My department chair is the only one who can show a salary saving, at least right now. Does this mean that only he/she can vote?
A. No. The policy recognizes that involvement in sponsored programs changes on a frequent basis. Therefore all of those people with the *potential* to meet the eligibility criteria can vote.
- Q13. Are there rigid rules on what a department can vote to do?
A. To some extent. Departments have the flexibility to choose what to do with the salary savings they generate. However, to keep the administrative burden of operating the program within reasonable bounds, departments will have to choose from a list of options (this list remains to be determined). An appendix to the policy includes some possible examples, but these are strictly hypothetical.
- Q14. Can I choose what to do with my share of the salary savings?
A. Yes. These can be used for any legitimate University-related purpose, except that the salary supplement that an individual can receive is limited to a maximum of 20 % of their baseline salary.
- Q15. What are the opt-out rules?
A. If a department (or equivalent) votes to opt out of participation, this prohibits everybody in the department from participating, unless the department votes to change this decision. Neither individuals nor departments can ever be compelled to participate.
- Q16. Might this policy have a major impact on the finances of some departments?
A. Yes, but departments can elect to change their participation or opt out entirely.

Q17. Does this policy exempt me from any of my normal duties?

A. No. This is intended to reward an overload above and beyond normal and reasonable expectations. The expectations are defined by an individual's parent department (the University doesn't set workload policies at present). Failing to meet these normal expectations are grounds for exclusion from the plan.

Q18. Does this replace other forms of rewarding productive individuals.

A. No.

Q19. Will this policy change with time?

A. Almost certainly, as the proposed policy is a pilot program to investigate the feasibility, structuring and impact of incentives. The pilot period is anticipated to be five years. However, in the first year, only the default version of the policy will be offered, so as to allow procedural problems to be ironed out, before the number of policy variants is increased.

4.2 The Need for Training

Colleges and departments will bear a sizeable portion of the burden of implementing and documenting compliance with the proposed policy. In these circumstances, the Committee anticipates a need for training of key administrative and support personnel. Thus, the Committee recommends that, if the policy is implemented, training sessions should be organized on separate tracks for i) deans and unit heads and ii) college and departmental financial personnel.

4.3 Graphical Representation of the Policy

With the intention of complementing the list of FAQs provided above, the Committee has developed a number of flowcharts, depicting various aspects of the policy. These are shown in figures 1 to 5.

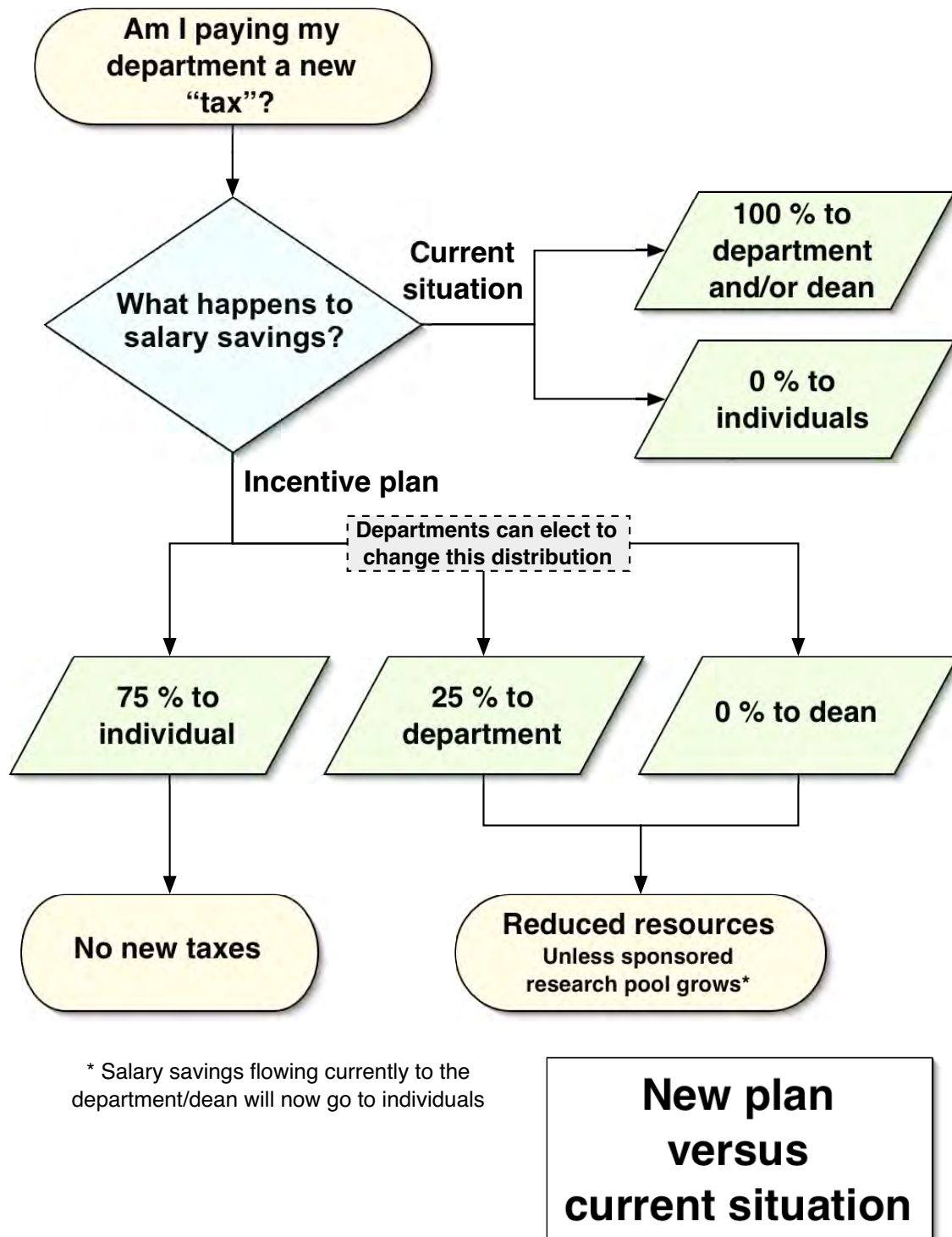


Figure I. Changes in the distribution of salary savings, resulting from the proposed policy.

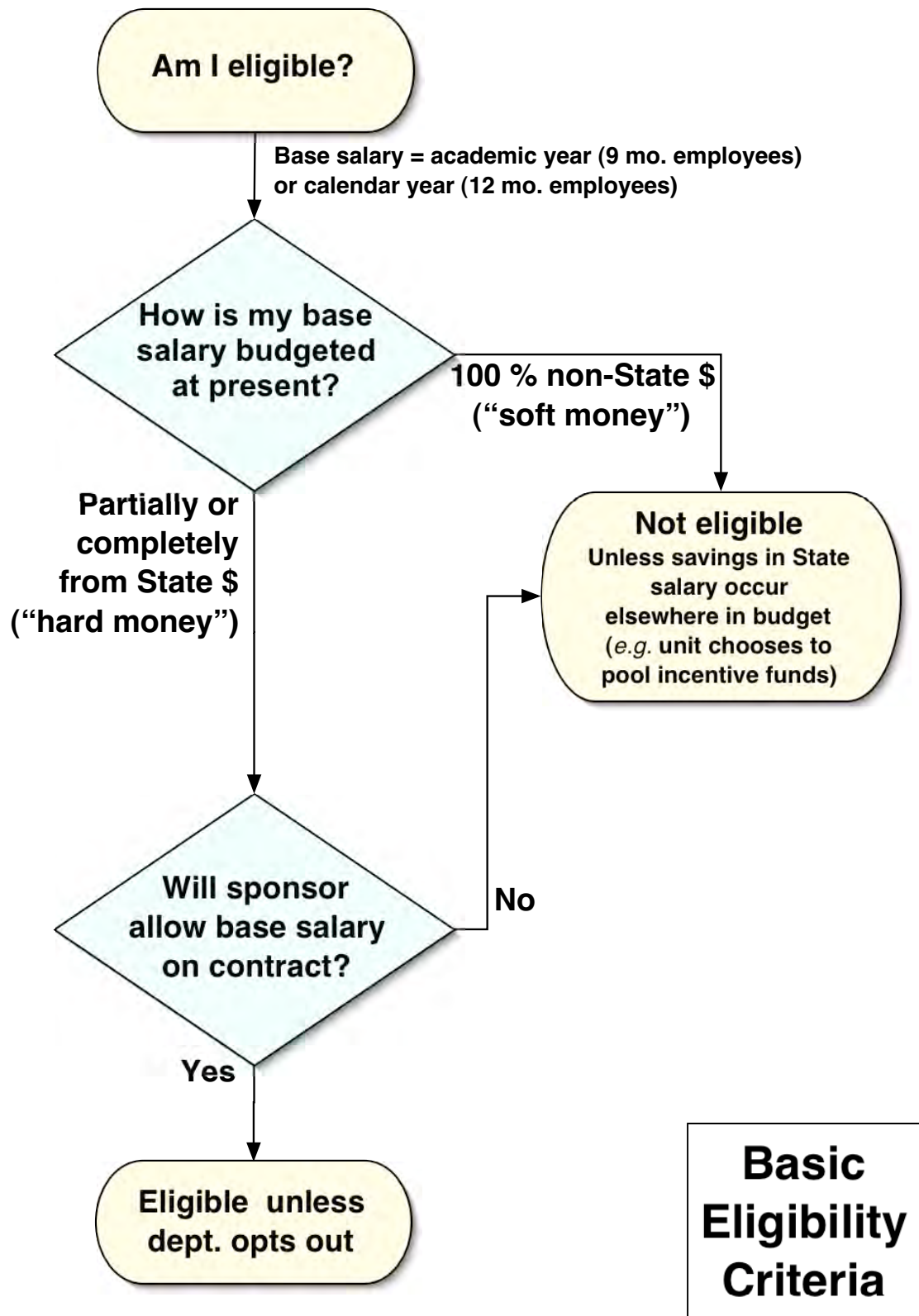


Figure 2. Criteria used to determine eligibility to participate in the InP.

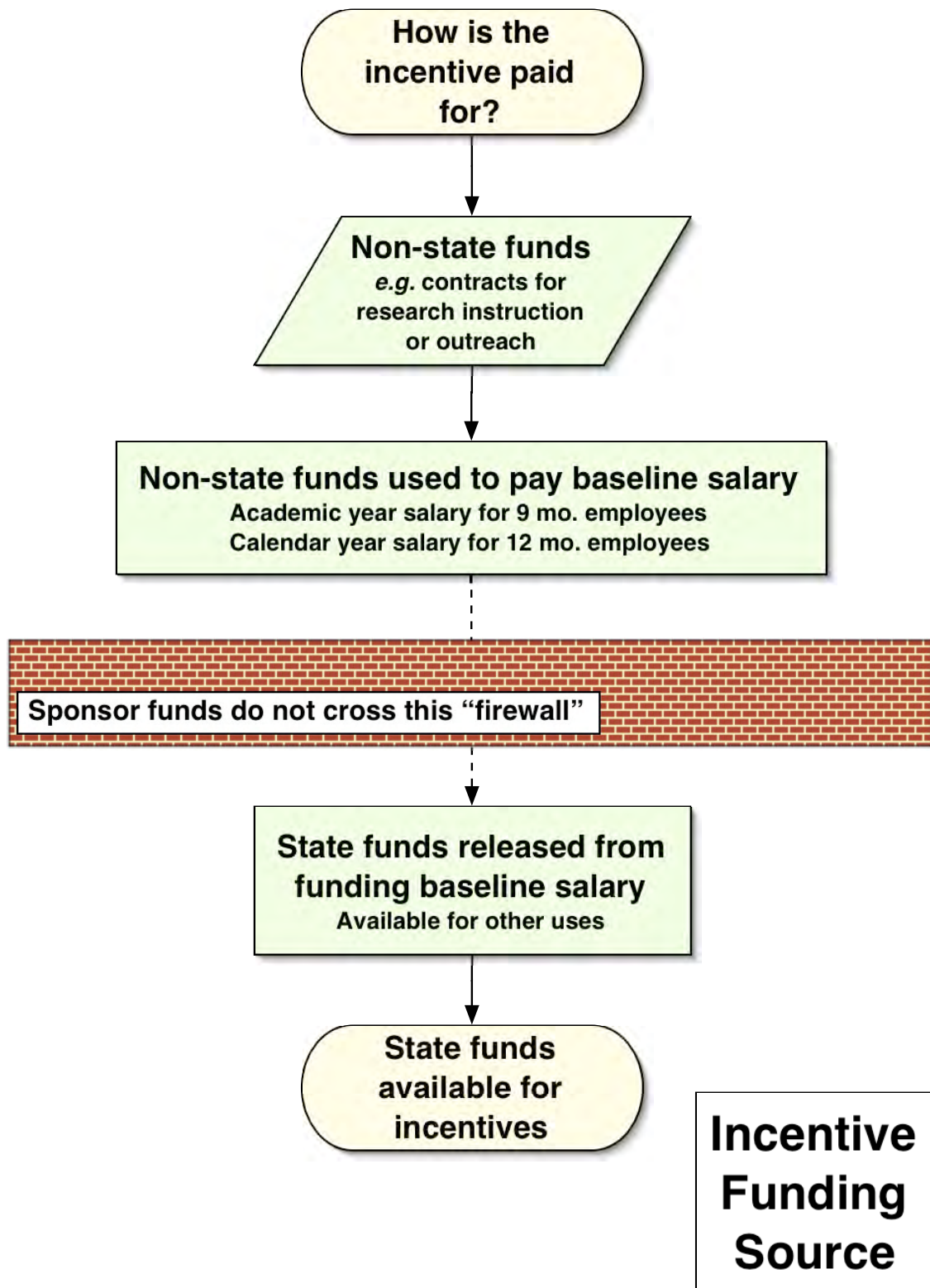


Figure 3. Funding sources used for the InP.

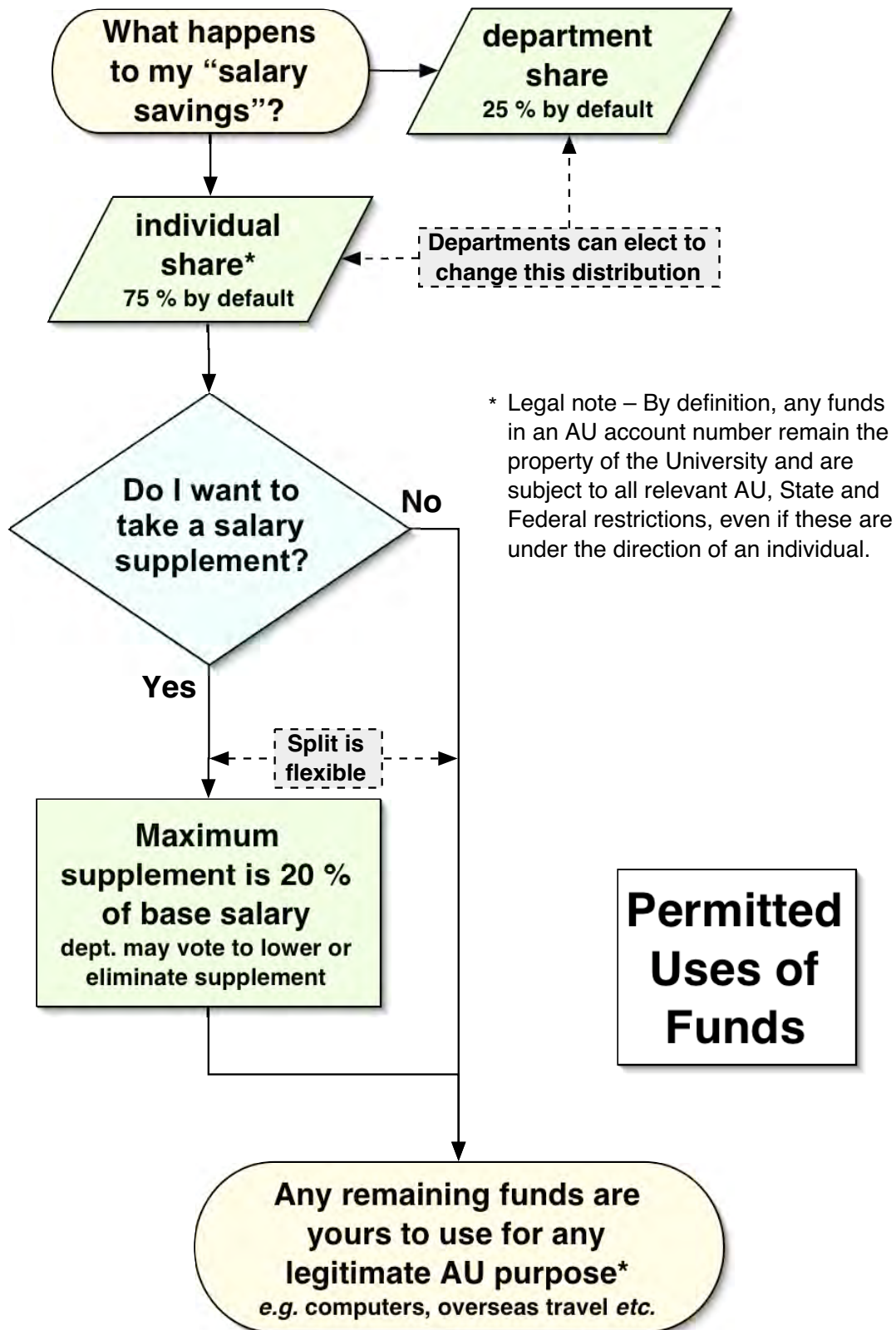


Figure 4. Acceptable uses of InP funds.

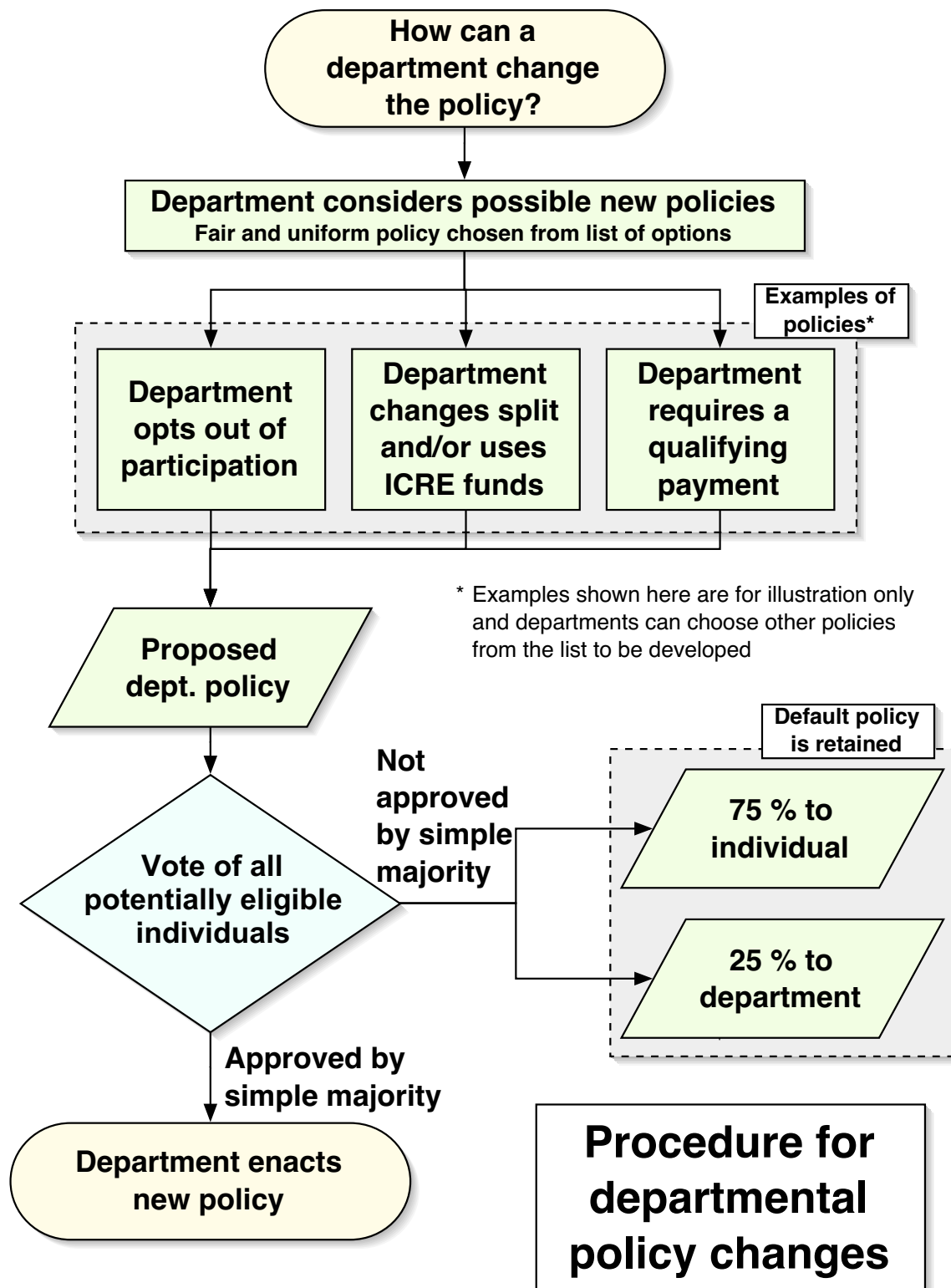


Figure 5. Procedure to be followed when a unit elects to change its InP participation.

5 Assessment of the Pilot Program

The Committee's intent is that the InP (*formerly RSIP*) shall be a pilot program. In order to allow time to collect sufficient data to determine the desirability and impact of the InP, the Committee recommends that the pilot program shall last for a period of five years. The Committee suggests that the following criteria be used to evaluate the proposed incentive program:

1. A significant increase in a unit's extramurally-funded research would provide a quantitative means of measuring the success of the incentive program. Data collected should include number of proposals submitted, number of proposals funded, total amount awarded, ICRE generated, and the percentage of the faculty salary assigned to cost sharing. The baseline data should be determined from an average of the past three years (FY 00 – 02).
2. The evaluation of the program's effect on faculty recruitment and retention would be primarily subjective, but could be measured with an annual survey of eligible faculty, department heads and, possibly, chairs of the respective search committees. An attempt should also be made to measure the effect of the InP on salary negotiations with new hires. Possibly this could be determined by the department head concerned.
3. While counting publications has its limitations, the number of scholarly papers and scientific presentations generated by faculty participating in the InP would help establish either positive or negative trends created by the new program.
4. Changes in the units' graduate student enrollment should be evaluated and compared to the baseline in years noted above.
5. Assessment of the number of faculty participating in the program versus the number of eligible faculty would contribute to the evaluation process.

Responsibility for the collection and coordination of the assessment information should be assigned to the Office of Planning and Analysis, Office of the Vice President for Research, and the participating colleges.

6 Implementation of the Pilot Program

Implementing any form of the InP (*formerly RSIP*) will represent a challenge for the University's current financial management system (particularly at the unit level, where many financial tasks are undertaken as second duties, by non-specialists). Furthermore, the revised version of the InP proposed in this report is quite complex. Hence, the Committee recommends that the pilot program should be implemented in the following phases:

- ❑ **Phase 1 – First Year of Pilot Program:** During this initial stage of the plan, only the default option of the InP will be allowed and unit-specific policies will not come into effect*. This will give administrative staff the opportunity to become familiar with the operation of the InP and allow any major technical or procedural problems to be addressed.
- ❑ **Phase 1a – End of First Year of Pilot Program:** It is recognized that after only a year there will be little opportunity to collect objective quantitative, or even qualitative, data of the type discussed in Section 5. However, detailed input on subjective experience with the plan will be requested from all parties (faculty, staff and administrators) with interest or involvement in the plan. It is envisaged that this will require (at the very least) a general call for e-mail comments and a “town meeting” in each college/school. In particular, comments will be sought on the desirability and form of unit-specific policies.

Input from Phase 1a will be used to iterate the policy to address problems that have been encountered during the first year of the pilot program. At this time, a list of acceptable of unit-specific policies will be developed, using the input described above. A committee consisting of equal numbers of faculty and administrators (the former appointed by the Senate Rules Committee and the latter by the Provost, with a chair elected by the appointees from within their number) will be appointed to establish the range of acceptable policies. This could be the same committee as that intended to handle arbitration (see item 13 in Section 2.4 of this report).

- ❑ **Phase 2 – Second to Fifth Year of Pilot Program:** The policy modified in Phase 1a will be implemented in Phase 2, including a palette of acceptable unit-specific policies. So as to provide meaningful assessment data, further changes to the policy during Phase 2 will be kept to the minimum needed to address any pressing problems that become apparent.

* In the event that the head of an individual unit can demonstrate that participation in the InP would lead to great financial hardship for their unit, a simple opt-out would be permitted during the first year of the pilot program.