

## TENNESSEE TECHNOLOGICAL UNIVERSITY POLICIES AND PROCEDURES MANUAL

This policy supports the mission of the Office of Research and Graduate Studies and Tennessee Technological University by providing a financial incentive for principal investigators, their departments, and colleges as a reward for playing a lead role in the acquisition of externally-funded grants and contracts for the University. Investigators on legislative earmarks or appropriations are not eligible for incentive pay.

The Research and Scholarly Activity Incentive Award will be notable in a number of ways. Among them are the following:

- A tangible reward for faculty who are active in funded research or grant-seeking efforts, thus encouraging continued participation in the funded research and grant enterprise.
- Encouragement for previously inactive faculty to conduct funded research and write grants, thus increasing the number of faculty involved in externally funded projects.
- The attraction of accomplished researchers who have the ability to establish labs and centers in areas of growth.
- The retention of productive funded researchers and successful grant writers.

These elements are critical for the success of any efforts to increase external funding to the desired level.

### **Policy Compliance**

To comply with federal cost principles in OMB Circular A-21, the cost to the external sponsor must remain unchanged as a result of the University's research incentive award. In general, federal grants do not allow extra compensation to be direct charged. Thus, it is not allowable to direct charge an incentive award to a federal grant. Most federal grant programs provide for facilities and administrative costs (generally referred to as indirect costs) to be recovered. Once the University receives indirect cost (**see explanation below**) funds from a federal sponsor, the funds are incorporated into the University's budget and then are considered state funds. These funds can then be used to provide such incentives without violation of any federal cost accounting principles.

For many years, TBR limited extra compensation to 20 percent of the annualized salary. That limit was liberalized with the approval of TBR policy 5:01:05:00 "Outside Employment and Extra Compensation." However, Tennessee law still limits the number of extra hours faculty are allowed to work and so extra compensation is limited by Tennessee law as well. In contrast, Tennessee law does not limit incentive awards because they are recognized as a bonus and require no additional hours of work. The research and scholarly activity incentive award is a financial bonus; it does not require additional work beyond 100 percent effort. Thus, it is exempt from the extra service compensation limit. Conversely, extra service pay is compensation that requires additional work beyond the 100 percent effort and, as a consequence, is subject to the extra service compensation cap set by TBR. Faculty may receive both incentive compensation

and extra compensation if the situation warrants. That is, payment of extra compensation does not preclude the payment of an incentive award.

### **Operational Definition: Indirect Costs**

Indirect costs are those institutional costs, often referred to as facilities and administrative costs, which are not readily identifiable with a particular project or activity but nevertheless are necessary for the general operation of the institution and the conduct of its activities. The cost of operating and maintaining buildings and equipment, depreciation, general and departmental administrative salaries and expenses, and library costs are types of expenses usually considered as indirect costs.

An indirect cost rate is a device for fairly and expeditiously determining (within boundaries of sound administrative principles, subject to governmental regulations) that proportion of an institution's costs that should be borne by each of its projects or activities.

To recover its allowable indirect cost pool of expenses, an institution must allocate and collect its proportionate share from every project being performed by the institution.

### **Research Incentive Award Guidelines**

Below is the list of suggested guidelines for the research incentive award policy.

- All faculty and staff are eligible for the Research and Scholarly Activity Incentive Award.
- Any exception to the indirect rates or waiver of indirect costs must be approved in advance of any contractual commitment by the Office of Research and Graduate Studies.
- Ten (10) percent of indirect costs recovered from an eligible grant will be paid to the principal investigator(s). Any exceptions will be recommended by the Office of Research and Graduate Studies for approval by the president.
- In the case of collaborative efforts, the incentive award will be calculated from the indirect costs recovered by TTU only.
- When a project has multiple principal investigators, the incentive award will be distributed according to an agreed on division among project contributors.
- A principal investigator will receive the incentive award for each year of a funded new or continuation grant for work s(he) did on a funded project while employed by TTU, except that a retired faculty will be eligible for an incentive award for each year that s(he) worked on the funded grant.
- As a condition to the receipt of any award, the principal investigator must be in full compliance with the University's Office of Research and Graduate Studies and TTU policies.
- When funding for the grant terminates, the incentive award associated with the grant will also terminate.
- The incentive award will be distributed during the fall semester of each year based on the preceding fiscal year.

- The Office of Research and Graduate Studies will give oversight to the administration of the Research and Scholarly Activity Incentive Program and will mediate issues that may arise concerning the program.
- Reevaluation of the Research and Scholarly Incentive Award policy will be performed annually or as needed.

### **Administrative Regulations and Considerations**

- Recipients must use their grants for the purposes for which they were awarded and in accordance with the policies and guidelines of the program and of TTU.
- The TTU administration may withhold the incentive payable to a recipient or his/her department until the recipient meets the program's eligibility criteria.
- The administration reserves the right to terminate or suspend an incentive should the recipient cease to meet the eligibility criteria. It also reserves the right to recover incentives paid out if a principal investigator no longer fulfills the required eligibility criteria, or on the basis of fraudulent or inaccurate information, or in error.
- Investigator may opt out of a portion or all of the incentive pay.
- Equipment grants are not eligible for incentive pay if no indirect costs are recovered.
- The incentive policy will govern grants and contracts received on or after July 1, 2010.