

Contact: Kristin Bauer

**MODIFICATION OF COLLEGE OF PHARMACY INCENTIVE COMPENSATION PROGRAM**

**Action Requested:** Approve the request of the University of Iowa to modify the College of Pharmacy Incentive Compensation Program detailed in Attachment A.

**Executive Summary:** The College of Pharmacy is requesting a modification of their compensation program to recognize faculty whose extramural awards provide significant salary support and Facilities and Administrative (F&A) recovery to the College of Pharmacy and faculty with high level awards that provide minimal or no salary support due to funding mechanism restrictions. The program was created in November 2003. The current modifications being proposed (1) broaden the incentive calculation to not only measure faculty grant salary offset, but also measure College of Pharmacy return on grant F&A cost recovery, (2) update the payout potential to remain competitive and (3) add two specialty incentives to encourage positive research behavior not captured in the incentive calculation.

## 2022 Revised College of Pharmacy Incentive Compensation Program

Original Plan Approved by ~~the~~ Iowa State Board of Regents, in November, 2003  
~~Revised for administrative Clarification, December 2014~~

### I. Background

The College of Pharmacy created ~~an~~ a productivity-based incentive plan in November 2003 to address two major issues: (1) a need to stimulate an increase in funded grants and contracts and broaden our non-general fund financial base to allow us to continue to deliver the high quality professional, graduate and research programs of the college, and (2) retain and recruit faculty by creating an environment where salaries are competitive in relation to our peer institutions and competitors.

In an effort to address these issues in 2003, the College, with the approval of the Iowa State Board of Regents, created a ***non-recurring salary*** incentive program.

This 2022 revised incentive plan provides updates to continue to meet these two needs: (1) broadens the incentive calculation to not only measure faculty grant salary offset, but also measure College of Pharmacy return on grant Facilities and Administrative (F&A) cost recovery, (2) update the payout potential to remain competitive, and (3) add two specialty incentives to encourage positive research behavior not captured in the incentive calculation.

### II. Policy and Procedures

The concept of this productivity-based incentive plan rests on the faculty member and the departments in achieving certain goals of productivity and achieving targets in the missions of research and clinical service. The plan recognizes faculty whose extramural awards provide significant salary support ~~or contracts for clinical service revenue, and in F&A recovery to the College of Pharmacy. In~~ addition, ~~would recognize it recognizes~~ faculty with high level awards that provide minimal or no salary support due to funding entity mechanism restrictions. ~~The plan recognizes those who spend a considerable amount of their time and effort contributing to important teaching/administrative activities in the college.~~ The plan is ~~a successful an~~ incentive that has contributed to contribute to an increase in research grant ~~and contract~~ productivity ~~and subsequent salary return for departmental uses, for example, visiting speakers seminar series, augmented graduate student stipends, purchase of shared equipment, start-up funds for new faculty, bridging funds for faculty who experience an interruption of extramural support, etc.~~

~~The lump sum bonus payments are in addition to, and unrelated, to yearly merit salary increases. The productivity incentive payment will be paid in early November based on attainment of the previous academic years' goals or targets. Accordingly, productivity incentive payments will not be a permanent part of the faculty member's salary and vary year to year based upon the previous year's productivity.~~

~~An option exists to have this bonus provided for direct use to the faculty in support of their research programs rather than as nonrecurring salary.~~

~~This plan is consistent with the current expectation that all tenure track faculty in the College support a minimum threshold level of their salary through extramural grant/contract funding and that all clinical track faculty strive to generate appropriate revenue for their clinical services.~~

## Research Grant and Contract Productivity Incentive Payments

### Temporary Variable Supplement Incentive

~~The name for this incentive is the Temporary Variable Supplement (TVS) which is a dollar amount awarded as special compensation on an annual basis using final fiscal year results and paid out no later than November the following defines the lump sum payment amounts associated year. The amount of TVS is limited to a maximum of 30% of a faculty member's base salary.~~

### Calculation of Temporary Variable Supplement (TVS) for an Individual Faculty Member\*:

~~The TVS is a return of a share of the Salary Offset and F&A Recovery.~~

~~**TVS** = (COP Salary Offset + COP F&A Recovery) multiplied by the TVS Payout Share (as indicated below)~~

~~The TVS Payout Share increases as the faculty contributes a greater proportion of the ratio of COP Salary Offset and COP F&A Recovery combined to their base salary as determined in the table below.~~

<u>X is defined as</u> <u>Salary Offset + F&amp;A</u> <u>return</u> <u>Base Salary</u>	<u>TVS Payout Share</u>	
<u><math>0.2 \leq X &lt; 0.5</math></u>	<u>4%</u>	<u>Only available to eligible Instructional Track Faculty, Clinical Track Faculty, and Tenure Track Assistant Professors</u>
<u><math>0.5 \leq X &lt; 0.9</math></u>	<u>7%</u>	<u>Available to all eligible Instructional Track, Clinical Track, Tenure Track, and Tenured Faculty</u>
<u><math>X \geq 0.9</math></u>	<u>10%</u>	<u>Available to all eligible Instructional Track, Clinical Track, Tenure Track, and Tenured Faculty</u>

~~\*The source of funds for the TVS is 50% from Department and 50% from COP Administration. Eligibility is further defined below. The TVS is subject to the limit of an amount equal to 30% of base salary.~~

Example: The TVS for a faculty member with the acquisition of extramural awards that an annual base salary of \$100,000 who has \$20,000 of CoP Salary Offset and \$60,000 of COP F&A Recovery, would be 7% of  $(\$20,000 + \$60,000) = \$5,600$ . The value of 7% was derived from the table above, where  $X = (\$20,000 + \$60,000)/\$100,000$

### Additional Specialized Incentives Contributing to TVS

- (1) Specialty Grant incentive. Apply to College of Pharmacy-based Extramural Research Equipment Grants or Educational/Training Grants that do not provide salary offset or F&A returns

If the College of Pharmacy Faculty member has \$200,000 - \$500,000 in such extramural grant support in the College of Pharmacy a year, a Temporary Variable Supplement component related to the grant will be \$5,000. If the PI has >\$500,000 in such extramural support in a year, the Temporary Variable Supplement payment related to the grant will be \$10,000 per year.

For Grants with salary offset, salary offset will be calculated as a percentage of one's base salary. Should someone have less than a 100% appointment, the calculations will be based on the proportion of the prorated assumption of a 100% FTE appointment. For example: someone with a 50% appointment at a \$50,000 salary and bringing in \$20,000 to be eligible for the 20% level. Incentives for percentages of Salary Offset are as follows:

- 20% - 29% \$ 2,000
- 30% - 39% \$ 5,000
- 40% - 49% \$10,000
- > 50% \$15,000

### Extramural Grants that provide limited or no salary support

- If the PI has \$350,000 - \$450,000 in such extramural research support per year, the productivity incentive payment will be determined by the department head and may be up to \$5,000.
- If the PI has >\$451,000 in such extramural research support per year, the productivity incentive payment will be determined by the department head and may be up to \$10,000.

### Teaching/Administrative Service Incentive Payments

Individual faculty may also be rewarded with a bonus for highly meritorious activities related to teaching or service. Examples of what would be considered for this type of an award would be creation of a new innovative course or accepting major responsibility identified by the Department Chair as innovative and is particularly intensive of time and effort in the area of service to the Division, Department or the College. These incentive payments will be determined by the Dean and Department Chairs and may be up to \$5,000. Department Chairs will identify the specific types of responsibilities/activities and make recommendations for these bonus payments to the Dean.

- (2) Center Grant incentive. Apply to Faculty Member in the College of Pharmacy who is the Principal Investigator (including MPI) of record leading a large extramurally funded Multi-Project Center Grant or equivalent based in the College of Pharmacy.

If the major center grant or an equivalent multi-project grant based in the college with total awarded costs (direct + F&A) over \$1.5M per year, an incremental Temporary Variable Supplement payment for the grant will be \$15,000 per year.

**Payout options for the TVS:**

~~Instead of taking the TVS as a special compensation payment, there are options to contribute the funds to accounts used to support research expenses, the decision for directing the distribution of these funds will be made by the DEOs.~~

- ~~1.) The DEO may direct all or part of the faculty member's TVS incentive to the faculty member's individual account.~~

~~The DEO may direct all or part of the faculty member's TVS incentive to the faculty member's department or college.~~

**Payout options for the TVS:**

Instead of taking the TVS as a special compensation payment, there are options to contribute the funds to accounts used to support research expenses, the decision for directing the distribution of these funds will be made by the DEOs.

- 1.) The DEO may direct all or part of the faculty member's TVS incentive to the faculty member's individual account.
- 2.) The DEO may direct all or part of the faculty member's TVS incentive to the faculty member's department or college.

**Eligibility Requirements**

The research incentive payment program is applicable to all instructional track, clinical track, and tenure track faculty with 50% or greater paid appointments in academic departments of the College of Pharmacy. In addition to the above requirements-requirement, a faculty member must be on the College of Pharmacy payroll and in good standing at the time payment is made. A faculty member is considered in good standing if they meet or exceed expectation for their position. Emeritus faculty will not be eligible for an incentive payment except during the first year of their emeritus status based on their performance in the previous fiscal year which is utilized for calculating the incentive payment amount-amount of the temporary variable supplement. Should a faculty member leave the college prior to November there will be no prorated payments.

**Operational Guidelines**

~~The maximum payment for an individual faculty member is capped in any single year at \$15,000.~~

~~The incentive payment will also need to be augmented by the required FICA payment percentage and any other required miscellaneous benefits associated with extra compensation.~~

~~The development of procedures for Implementation and Review~~

Following implementation of this the incentive program, it will be reviewed periodically, and its first review will be conducted two full years after implementation. Following initial review, the

~~responsibility of the Department Chairs in concert with plan will be reviewed at least every 5 years to evaluate its continued effectiveness. Upon implementation,~~ the Dean of the College of Pharmacy ~~who~~ will have final decision authority for the overall program, including adjudication of any interpretation issues, complaints, and/or grievances ~~related to program policy.~~

~~The Program will be reviewed every five years to assess its impact on the objectives and its success in achieving all of the College's goals and maintaining consistency with our mission.~~

~~Approved by the College of Pharmacy Executive Committee December 17, 2014.~~