The purpose of the Faculty Incentive Pay Program (FIPP) is to recognize and reward recipients of external funds who enhance research, scholarship, service and creativity; promote best practices in teaching and learning; and implement other program improvements that advance the mission of the University. The FIPP serves as the mechanism by which the University can provide incentive payments to faculty who demonstrate increased effectiveness in securing extramural funding and contributing to the research, teaching and service mission of the University. The FIPP does not constitute a contract or grant any right beyond which an individual is already entitled and there will not be an entitlement to the continuation of the FIPP. The FIPP year will be from September 1 through May 31.

**Eligibility**

The following minimum criteria must be met in order to be eligible to participate in the Program:

- **The participant must be a UTEP tenured, tenure-track or Clinical faculty member serving as principal investigator or co-principal investigator on the externally-sponsored project(s) covering the appointment(s);**
- At least a portion of the participant’s Institutional Base Salary (nine-month academic salary) must be paid from State appropriated funds;
- Individuals who are split-funded from State appropriated and other sources shall be eligible to participate in that portion of effort supported by the appropriated funds;
- The faculty member’s Teaching Load Credits must exceed the minimum TLC requirements during the academic year prorated to the portion of the salary supported by appropriated funds.
- The participant must have an approved Written Workload Assignment agreement that clearly reflects the faculty member’s teaching and other academic assignments.

*Individuals who receive supplemental pay for academic overload in the Fall and/or Spring semesters are not eligible to participate in the FIPP.*

**Incentive Payment Stipulations**

Incentive payments will be funded from financial resources other than State-appropriations and Sponsored Projects. Incentive payments shall be contingent upon the faculty member’s meeting the eligibility requirements and complying with the terms and conditions of the FIPP. Incentive payments shall be limited to an amount not to exceed 50% of the “recovered” or “bought out” salary, and cumulative payments shall not exceed the total amount of 25% of the faculty member’s academic base salary per fiscal year (nine-month salary). The amount of the incentive payment shall be estimated prior to the beginning of the associated academic semester and reconciled to actual activity before a payment is issued. Incentive payments shall be initiated with the FIPP form and shall be paid in a lump sum payment at the end of the fiscal year. Payments shall be subject to applicable salary deduction and withholding (e.g. FICA and
federal taxes, reported to the IRS as salary and wages and issued in adherence to all prevailing laws and policies. Incentive payments will not be used as a basis to calculate retirement contribution or to accumulate benefits such as leave.

**Terms and Conditions**

FIPP participants must comply with the following terms and conditions in order to receive incentive payments:

- The faculty member must fulfill all expectations for performance established through a written workload assignment agreement (Agreement) that is agreed upon in advance by the faculty member, the faculty member’s Chairperson (or the faculty member’s immediate supervisor), and the faculty member’s Dean in consultation with the Provost.
- The faculty member must exhibit satisfactory performance in all assigned duties as determined by his or her Chair and Dean, including good fiscal and administrative management of all extramural funds for which he or she is principal investigator or co-principal investigator and must complete necessary reports in a timely manner.
- Only the portion of faculty member’s Institutional Base Salary that is funded by external sources during the nine-month academic year will be considered under the FIPP.
- Incentive payment(s) shall not modify the faculty member’s institutional base salary (nine-month academic salary rate) and shall not be paid from sponsored project funds.
- Incentive payments can be earned only during the fall and spring semesters (not available in the summer).
- Participation in the FIPP shall be voluntary and shall not be mandated upon either the faculty member or UTEP. Participation in the FIPP shall not be an entitlement but may be made available to eligible faculty members when both the University and the faculty member determine that it is in their mutual best interests to do so. Furthermore, UTEP reserves the right to modify, suspend or terminate the FIPP or the participation of any faculty member at any time. No verbal commitment to participation or pay under the FIPP is binding upon UTEP, and participation is conditioned upon the approval all required signatures.
- All incentive payments under the FIPP shall be subject to the availability of financial resources for the FIPP and to any applicable State or Federal laws, regulations or policies.
- Modifications to any aspect of the FIPP may be implemented at any time, as determined by the Vice President for Research (VPR) in consultation with the Provost. Such modifications may occur through amendment of this Program or through written notice to the Deans of affected academic units.
- Final approval for participation in the FIPP shall be granted by the Provost and VPR.

**Incentive Pay Calculations**

The maximum amount of the incentive payment is the amount not to exceed 50% of the net salary savings to the appropriated funding source. Historically, departments have been able to recover 100% of salary savings generated from sponsored project activity and may be
dependent on salary savings for operational costs, therefore, in some instances departments will not be required to pay the maximum incentive payment of 50% of net recovered salary savings.

The following costs may be factored into the incentive payment calculation:

- Compensation to the department for costs incurred to replace the faculty member’s contributions to the department;
- Compensation to the departments for costs incurred for reduced teaching loads during the faculty member’s start-up period;
- Other costs incurred by the department for support of the sponsored project that are not recovered elsewhere.

**Procedure for calculation and disbursement of incentive payments:**

**Before the buy-out period:**

At least one month before the start of the anticipated buy-out period, the faculty member works with his or her department chair (Chair) and college administrative officer (CAO) (if applicable) to complete the top portion of the FIPP Approval Form. The Chair signs the request, which confirms that FIPP eligibility requirements are met and that the request is consistent with the faculty member’s written workload assignment Agreement.

The Chair or departmental/college administrator (business manager or CAO) coordinates obtaining the Dean’s and Provost’s signatures and forwards the Form to the Office of Research and Sponsored Projects (ORSP) for review and approval.

ORSP will verify that sponsored project funds are available and allowable by the granting agency to cover the buyout. ORSP, in coordination with UTEP’s Budget office, will transfer the anticipated salary savings from the original State appropriated source account to a FIPP holding account. If the buy-out qualifies under the Hold-Harmless terms, then transfer of the salary savings will occur from the VPR’s FIPP account.

ORSP then signs the Form and sends the original back to the Chair with a copy to the faculty member and the departmental/college administrator (if applicable).

**After the buyout period**

The faculty member works with his or her department Chair and CAO (if applicable) to complete the bottom portion of the FIPP Approval Form. The Chair signs the Form and the departmental/college administrator coordinates obtaining the Dean’s and Provost’s signatures. The signed Form is sent to ORSP for review and approval. ORSP, in consensus with the Provost’s office, confirms that the eligibility has been met according to the agreement.

ORSP then signs the form and sends the original form back to the department chair with a copy to the faculty member and the CAO (if applicable).

ORSP will forward the completed and fully approved form to the Payroll Office for payment processing. The payment will be issued from the FIPP holding account.
The deadline for the fully approved submission of the FIPP agreement is March 15 in order to ensure adequate time for processing prior to the end of the academic year (May 31).

No Cost transfer involving the sponsored projects buyout efforts will be allowed after the Incentive pay is issued.

Hold-Harmless Clause

This hold harmless clause will be applied during the third year of the FIPP (FY 2014). It is intended to avoid penalizing colleges for salary savings of faculty who bought-out academic year efforts during FY 2011. The clause applies to:

- Individual faculty members who have previously approved buy-outs from sponsored project accounts during the FY 2011, FY 2012 and 2013 nine-month academic years;
- Individual faculty members who produced salary saving from State-Appropriated accounts.

The clause applies only to the percent effort released corresponding to the buy-out during FY 2011. Salary releases in excess of those executed in FY 2011 will not be covered under this hold harmless clause. A master list of the eligible faculty members under the hold-harmless clause will be shared with the respective academic deans.

If the hold-harmless clause applies, the source account for 50% of the incentive payment will be from the VPR’s FIPP account.