

**Montana State University
Incentive Program for Researchers [IPR]**

1. What is the Incentive Program for Researchers and why did the university decide to implement this program?

The fundamental goal of IPR is to provide tenure and track faculty who are successful in obtaining federal sponsored research or federal pass through grants from the state with financial incentives to encourage their extramural funding activity to continue to grow the research program at MSU. This incentive plan will serve as a reward for faculty who bring in sponsored research dollars and will encourage others to participate in competing for sponsored research. While in the past the university used a system of additional compensation, IPR will replace that system for federally sponsored grants and state (pass through) grants

2. Who is eligible to participate in the research incentive program?

Generally, tenure or tenure track faculty who successfully obtain a federal grant or state (pass through) grants are eligible if they charge at least 10% of their effort and the related 10% of their Institutional Base Salary and fringe benefits to the grant(s). Faculty on USRA appointments are not eligible for participation in the IPR program as long as they remain on USRA appointments.

3. When will IPR be implemented?

The program became effective July 1, 2013.

4. Is participation in the program mandatory?

No. Participation is voluntary and at the faculty member's discretion.

5. How does IPR work?

The basic model for the IPR uses the state funds which are freed up by the salary dollars that are included in a grant/contract. To qualify for the IPR, your grant/contract must have funds which are budgeted specifically for at least 10% of salary. Incentive payments will be 75% of the net amount recovered and available for distribution. Faculty may receive incentive pay up to 25% of the Institutional Base Salary.

6. What is the maximum amount allowable for supplemental salary in this incentive program?

The maximum salary supplement (IPR and additional compensation from private sponsored grants) cannot exceed 25% of the faculty member's Institutional Base Salary.

7. Does this program include sponsored awards for both the academic year and the

summer terms?

The IPR does not include summer salary. You may include summer salary up to 3/9th in your proposal as well as in your AY effort. If you have sufficient funding, you may be able to participate in the IPR and pay summer salary.

8. Who approves my participation in the incentive program?

The decision to participate in the incentive program is voluntary and at the faculty member's discretion. However, your department chair and dean must approve your participation in the incentive program and final approval will come from the Provost and VPR. To be approved, you must have received "meets expectations" in your most recent annual review and you must demonstrate proper fiscal and administrative management of all grants/contracts for which you are principal investigator. For more detail, see IPR policy (insert link).

9. How will I actually receive the supplement?

All supplements will come in the form of a lump sum payment, and you will be paid in November of the following academic year.

10. Will the incentive payment affect my employee benefits?

No. Since all incentive payments come in the form of a lump sum payment after deduction of appropriate taxes, they will not affect any of your employee benefits including your retirement plan.

11. Will the incentive payment I receive be based on my institutional base salary?

Yes. It is also important to note that this incentive program is not a change in your [Institutional Base Salary](#).

12. Is any type of grant or contract eligible for the incentive program? What about grants and contracts from private foundations and industry?

While all federal grants and state (pass through grants) may potentially be grants for the IPR, there are additional eligibility requirements. You must charge effort to the grant of at least 10%; you must collect the maximum allowable F&A w/min 8% rates; and you may not use grants with voluntary cost sharing.

Earmarks, noncompetitive grants or private grants are not eligible for the IPR.

13. Is this incentive program compliant with federal funding agencies?

Yes. It is important to note that no federal funds will be used for the incentive

payment. Only the funds freed up by the grant/contract will be used for the supplement.

14. Are previous grants/contracts (prior to July 1) eligible for this incentive program? Is the program retroactive?

No. The program is not retroactive.

15. In order to participate in this incentive program will I have to change the way I develop my grants/contracts?

To receive supplemental funding through the incentive program, you will need to include at least 10% of your salary in the budget as you develop your grants/contracts. It is also important to note that awards which do not provide for the maximum allowable F&A cost recovery may not be used for this incentive program.

16. Will I still have to teach if I participate in the incentive program?

This incentive program is not intended for faculty to either abandon existing duties or to decline to take on new responsibilities which might reasonably be expected of them. This is an incentive based upon your effort on your research grants.

17. Do other universities use research incentive plans?

Yes. Many institutions use an incentive program similar to what is being adopted by MSU.

18. I've never developed or submitted a proposal for a sponsored activity. How do I start?

If you would like to learn more about obtaining funding for your sponsored activity and developing a grant/proposal, please contact the Office of Sponsored Programs.

19. Are faculty allowed to shift research funding on existing grants and contract to include at least 10% effort and thus qualify for the IPR?

Only if such a shift represents actual effort expended by the faculty member on the grant and is allowed by the sponsoring agency.

20. Are there forms faculty need to fill out to participate in the IPR?

Yes. The forms necessary for each program are found on the Provost's website_____. It is important to submit the intent to participate in IPR as soon as possible for eligible faculty. Retroactive payments are not possible for the

IPR program; so you must apply by the end of the month before the date you will begin to charge effort and salary to the eligible grant.

21. Can I participate in the IPR program and still use my state funded salary as match on my federal grant?

No. To the extent you have charged a portion of your salary as a direct expense in any grant which is required for the IPR program, you cannot then use the same salary amount as match on a grant.

22. If the incentive payments represent only 75% of total recovered funds, what happens to the other 25%?

It will be placed in the incentive fund to allow those faculty who receive federal grants from agencies which do not allow recipients to charge salary as a direct expense to be eligible for the IPR to the extent of their AY effort on such federal grants.

23. How will the IPR incentive payment be taxed?

In order to minimize the net impact of tax withholding, yearly lump sum IPR payments will be subject to income tax withholding at the Federal supplemental rate (25% for tax year 2013) and the State supplemental rate (6% for tax year 2013). IPR payments are subject to FICA taxes at the same rate as regular pay.

Some options you may want to discuss with a qualified tax advisor.

Put a portion of the payment into qualified tax deferred 457 or 403B

Visit <http://www.montana.edu/hr/Benefits.htm> and click the "Retirement" link

Or contact a Human Resources Benefits Associate at 994-3651