



FY2026 Incentive Plan Adjustment

Overview of the Incentive Plan

The School of Medicine's structured incentive compensation plan is designed to align financial incentives with performance metrics, particularly for tenure-track faculty whose primary mission is research. The model is grounded in the principle of "**at-risk**" **incentive compensation**, where a portion of the incentive pay is contingent upon individual faculty performance, primarily in securing external salary support.

Key Components of the Model:

1. At-Risk Incentive Compensation Eligibility

- Incentives are requested by the chair using performance metrics and assessed annually to maintain, increase, or decrease the dollar amount.
- The model identifies the **maximum incentive cap at 17%** of base and merit pay, requiring adjustments to bases and incentive components across the faculty.
- Currently, **299 faculty members** receive incentive pay, with **93 faculty exceeding the 17% cap**.
- The total incentive pool is **\$7.86M**, of which **\$6.69M remains after capping at-risk incentives**, and **\$1.18M is transitioned into base salary**.

2. Potential Reduction of At-Risk Incentive Compensation Based on External Salary Support

- For tenured and **tenure-track research faculty**, incentive compensation becomes **at-risk** if they fail to maintain at least **50% salary support from external sources**, capped at the **NIH salary cap**.
- The School evaluates a rolling **three-year average** of external salary support. The initial evaluation period is from June 1, 2021, to June 30, 2024.
- Consequences for falling below this funding threshold occur progressively:
 - **Year 1:** If the 3-year external funding average < 50%, faculty lose **1/3 of their incentive** starting July 2025.
 - **Year 2:** Continued shortfall results in loss of the second 1/3 (50% of the remaining incentive at that time) of the incentive.
 - **Year 3:** If the threshold is still not met, the final 1/3 is removed, resulting in a **complete loss** of the incentive.
 - After a **one-year interval**, faculty can **requalify** for the incentive if their 3-year average external support exceeds 50%.



3. **Consideration of Teaching Contributions to Retain At-Risk Incentive Compensation**

- For faculty whose external research support is calculated below 50%, the model incorporates a **secondary review** of:
 - **Medical School teaching support**, and
 - **BSTP (Biomedical Sciences Training Program): 1st-year teaching effort.**
- If the **combined effort from teaching and research support equals or exceeds 50%**, the **faculty member retains their full incentive.**

4. **Evaluation of Metrics**

- For faculty whose external research support exceeds 50%, the amount of incentive the individual faculty member receives is determined by the department chairman based on the successful completion of metrics approved by the Dean
 - The amount of the incentive **must not exceed 17%** of the faculty members' base compensation.
 - Administrative supplements are **not** included in base and incentive salary distribution calculations.

5. **Faculty Exclusions**

- JR faculty within **three years** of their hire date
- Dependent faculty – hired to work **under a primary faculty member's** funding support (soft money)
- Teaching faculty – hired as **primary educators** funded by tuition returns
- The time during a faculty's approved sabbaticals or other approved leaves (including FMLA) will not be calculated in the three years