Introduction and Purpose:

This policy establishes Montana Technological University’s definition of Institutional Base Salary (IBS) to insure compliance with the requirements of 2 CFR 200.430. In addition, this policy outlines an incentive compensation structure to provide supplemental compensation for faculty engaged in externally funded research activities. This is an interim policy to be reviewed in May 2022 while other methods of incentive compensation for research activities are evaluated for regulatory compliance. This interim policy is to replace existing MTU Policy 222, in its entirety.

Policy:

222 Definition and Use of Institutional Base Salary

222.1 IBS is the annual compensation paid by the University for an employee’s appointment, whether the employee’s time is spent on research, teaching, service, administration, or other activities. The IBS does not include any additional compensation, as defined in the Consulting Policy (219), or funds received by
employees from non-University sources or University sources for summer courses or overload activity.

222.2 The Institutional Base Salary [IBS]:

1. Is established by the University in an annual employment contract, defined by the existing CBA or by the MUS Staff Compensation Plan for Classified employees.

2. May not be changed during the fiscal year, except under the following limited circumstances:
   a. the employee's FTE appointment level is changed;
   b. the employee receives an increase or decrease in salary for assuming, or relinquishing, specific duties for a period expected to last more than six months.
   c. the employee receives a base adjustment as specified in the MTU's Salary Adjustment Guidelines, or a base salary adjustment as specified in the MUS Compensation Plan for classified employees; or
   d. the employee receives a salary increase as a result of a promotion in rank or position.

3. May not be increased as a result of replacing University salary funds with sponsored projects funds.

222.3 Sponsored Project Salary Support and Effort Reporting:

When requesting salary support from a sponsored project or providing effort on a sponsored project in the form of mandatory or voluntary committed cost sharing, the direct costs for salary and/or the cost of the effort must be based on the employee’s IBS. The portion of effort multiplied by the IBS will determine the appropriate amount to request from the sponsor or to be approved by the University if in the form of cost sharing.

222.4 Incentive Compensation for Sponsored Research or Projects:

Research and external grant funding are important activities for the overall academic and financial health of Montana Tech. The University encourages and supports these activities while consistently adhering to federal and state guidelines and regulations. In order to provide incentives to continue the pursuit of externally funded projects, the following program will provide incentive compensation to faculty to continue these efforts.

1. The program will be offered to all faculty for the following academic year (AY22)

2. The incentive compensation is available for Fall and Spring Semester Research Buyouts only. Summer semester will be compensated at the IBS rate only.
3. Incentive compensation is to promote the pursuit of research projects

4. Research Buyouts can occur in the Fall or Spring Semesters and are defined as the portion of the faculty IBS amount to be paid by an externally funded grant as opposed to Montana Tech unrestricted funds

5. Buyouts can be for any portion of the faculty member’s scheduled time up to 9 course credits

6. Buyouts are based on the Institutional Base Salary of the individual faculty member, using a 15-credit basis as full-time employment

7. The total salary savings to Montana Tech from the Buyout are divided in the following manner:
   a. 2/3 of the Buyout to be retained by Montana Tech for use in employing adjunct faculty and administrative expenses
   b. 1/3 of the Buyout to be paid to the research faculty member as an incentive payment
   c. Any residual funds from the program not used by Montana Tech as direct support or as payment to the faculty member will be reinvested in the faculty
   d. Incentive Payments for the academic year will be made prior to the start of the Summer Semester

**Procedures:**

Prior to the start of the academic semester, a faculty member will submit a formal request to their Dean for approval. This request will include:

- Total credits to be included in the Buyout
- Grant or sponsored source to fund the Buyout portion of the faculty salary for the semester
- An outline of the intended research activities and timeline for the semester

Adopted by: (Chancellor) Date