



**POLICIES**

**Effective Date: March 1, 2011  
For 2010-2011 Academic Year  
(Reviewed Annually)**

**Retired:**

**Revised:**

**Approved by: Wayne J. Riley, M.D., MBA., MACP  
President and Chief Executive Officer**

**Subject: Institutional Research Incentive Policy**

**PURPOSE:** This policy outlines the procedures for providing financial incentives to Meharry investigators and other Meharry stakeholders based on the indirect costs (IDC) recovered each fiscal year from extramural research awards.

**POLICY STATEMENT:** This policy applies only to extramural research awards (i.e., grants, contracts, cooperative agreements and subcontracts) issued to Meharry Medical College from, for example, a sponsor (e.g., NIH, NSF, etc.), another institution (e.g., Vanderbilt) or a business (Amgen).

Only those awards meeting the following criteria will be eligible:

1. Federal awards must have the current approved F & A cost rate
2. Non-federal awards must have both the current **and** the minimum MMC rate for non-federal agencies Examples:
  - a) Funding agency allows and awards 15% IDC. The award is not eligible because the IDC rate is less than the MMC IDC rate.
  - b) Funding agency allows 35% and awards 30% IDC. The award is not eligible because the IDC rate is less than the full allowable agency rate.
  - c) Funding agency allows 20% and awards 20% IDC. The award is eligible because the IDC rate is at the maximum funding agency rate and meets the minimum MMC rate for non-federal agencies.
3. A minimum of **90%** of the allowable indirect cost awarded by the extramural agency for each eligible grant must be recovered during each project year. For those awards that are reduced in time by the funding agency, particularly during year 1 of the award, expenditures will be prorated to determine incentive pay.

The funds are designated solely for incentive funds and no other funds will be deposited in these accounts. Annually, monies recovered based on the incentive program will be deposited into these designated funds accounts based on the IDC recovered from each eligible grant for the preceding fiscal year of the grant. Based upon the information provided by the Office of Research listing eligible grants, the Office of Grants and Contracts will prepare calculations/allocation to distribute monies to the appropriate designated funds. Prior to entry into the

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Banner Finance accounting system, final approval must be granted by the Vice President for Research and the Senior Vice President of Finance.

**This program will be in effect for the current academic year and reviewed and/or revised annually.**

The allocation of incentives will be made on an annual basis as follows:

**A. New Investigator-Initiated Research Awards**

1. 10% of IDC to PI (can be used for a bonus or placed in a research discretionary account)
2. 5% of IDC to the Office for Research for bridge funding
3. 5% of IDC to the Office for Research to implement the strategic plan
4. 5% of IDC to the PI's academic Department Chair (or 2.5% to Department Chair and 2.5% to Center Director if the PI is a member of a Center) to build the Department and/or Center
5. 3% of IDC to the School of Graduate Studies and Research to support the graduate program

**B. New Institutional Research Program Awards**

1. 15% of IDC to the Program Director for program development (no salary bonuses)
2. 5% of IDC to the Office for Research for bridge funding
3. 5% of IDC to the Office for Research to implement the strategic plan
4. 3% of IDC to the School of Graduate Studies and Research to support the graduate program

**C. Non-Competitive and Competitive Continuations**

1. For investigator-initiated research awards, the PI will receive 10% of the IDC, if 90% of the IDC is recovered. These funds can be used for a bonus or placed in a research discretionary account
2. For Institutional Research Program awards, the Program Director will receive 15% of the IDC for program development (no bonuses)

For the PI, the discretionary accounts can be used for temporary support of personnel, administrative support, support of graduate students and post-doctoral fellows, travel to scientific meetings, etc. For Institutional Research Program

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Grants, the discretionary accounts can be for the same activities listed above, except for bonuses.

If the bonus option is chosen, it must be approved by the Department Chair, respective Dean and Vice President for Research. All incentive bonus pay will come in the form of a lump sum payment, and will be paid generally no later than the second quarter of each successive award year (net of withholding taxes). Since all incentive bonus payments come in the form of a lump sum payment, the institution will not match these funds on its 403b Plan.

**No federal funds will be used for the incentive award program.**

**DEFINITIONS:** F & A costs, facilities and administrative costs (term used by federal government for indirect costs); IDC, indirect costs; PI, Principal Investigator

**PROCEDURE:** The Office for Research will identify the research awards that are eligible to participate in this process. The list of eligible awards then will be sent to the Grants and Contracts Office, Division of Finance. The Grants and Contacts Office will establish a Designated Fund (12xxxx) for each PI, each academic department, each center, the School for Graduate Studies and Research, and the Office for Research where the distributed incentive funds will be deposited.

When a PI holds a joint appointment, the academic department's credit will be given to the primary academic department. Each entity (i.e., PI, department, center, the School for Graduate Studies and Research, and the Office for Research) will have one designated fund that will serve as the "depository" account. The Office for Research will have three designated accounts; one for bridge funding, one for strategic plan initiatives, and one for recruitment.