I. Introduction

The prestige of an academic health center is directly related to the research accomplishments of its faculty. VUMC has developed a prestigious research program that is widely respected at the national and international levels. The effort of our outstanding faculty, with superb institutional support, has led to a steady increase in sponsored research funds even though the competition for these funds has been intense, and pay lines have not always been very favorable. The growth of our physical resources has been equally impressive. If we want to maintain our current position, and certainly if we aspire to improve our national position, we must devise a method for providing a reward for the outstanding productivity of our faculty and for their home departments. Such a plan is described below. This plan is intended to provide a tangible return for outstanding acquisition of extramural funding for research. The intention is to reward productive effort and to encourage the faculty to successfully compete for additional research funding that has benefit both for the school and the individual scientist.

II. Development of the Plan

The VUMC Research Reward Plan is a direct outcome of the VUMC Strategic Initiative. The faculty, when asked what they thought would most improve morale and the general research environment, voiced overwhelming support for some kind of productivity-based research reward plan. Accordingly, the Vice Chancellor appointed a broad-based committee to devise such a plan. This committee met several times in the Spring of 1998, drafted a proposal and presented it to a group of the VUMC administrative staff, including Vice Chancellor Jacobson. The report was further refined in May, 1999, with additional input from the Department of Finance. An earlier draft version has been presented to the VUMC Executive Committee who gave it their approval.

During the period of September 1999-April 2000, an implementation committee was appointed by the Vice Chancellor for Research, Dr. Lee Limbird. The charge to this committee was to examine the financial details of the plan as a prelude to its implementation and pay out in the fall of 2000. In addition, the committee was to ensure that the plan meets the spirit of its intention, that is to reward faculty for their extraordinary efforts in support of their own research program by providing discretionary money based upon the success of their extramural funding, to enhance their research program. (See Section IIIB)

III. Statement of Objectives

The VUMC Research Reward Plan has the following objectives:

A. To reward faculty members for outstanding success in acquiring extramural support;
B. To provide a discretionary account for faculty members related to their success in competing for research funding, as judged by the indirect cost recovery and percentage of research salary obtained from grants. This account could, for example, provide such recipients with unencumbered resources to cover travel to scientific meetings, membership in scientific societies, book or journal purchases, computer services, support for graduate students, postdoctoral fellows, other research-related expenditures, or shortfalls or lapses in funding.

C. To reward departments with discretionary funds based on the ability of their faculty to attract research salary and support; and

The VUMC Research Reward Plan is not intended to do the following:

A. It is not intended to replace any portion of a Dean’s allocation to departments;

B. It is not intended to provide a substantial portion of an individual’s ongoing research program budget;

C. It is not intended to influence faculty salary raises based on research/academic achievement or to replace departmental reimbursement for duties normally funded by the department.

D. It is not intended to replace development funds negotiated by a faculty member, center or program director, or department chairperson.

IV. Statement of Assumptions

A. The underlying philosophy of the Research Reward Plan is based on the presumption that the institution, its component departments/research units and faculty, should share in the success attendant to a vibrant and constantly growing sponsored research program.

B. The best indicator of such growth, from the institution’s point of view, is the annual indirect cost recovery (ICR) from all sources of sponsored funding support (all restricted funding--excluding non-research tuition, Tenn-Care and Medicare, graduate medical education cost recovery, and gifts and endowments).

C. The Research Reward Plan should provide the greatest return to faculty responsible for the largest ICR and to those who cover the largest percentage of their base (research) salary from grant income of all sources and types.

V. Statement of Qualifications

A. All faculty members (tenure track and non-tenure track) are eligible for the Research Reward Plan. The thresholds for qualification are described below.
B. The Research Reward Plan is designed to strongly encourage individuals to cover an appropriate and justifiable percentage of paid salary from grants, and to match indirect cost recovery relative to resources consumed. Persons with greater than or equal to 75% of their achievable academic salary (total salary as of July 1 of the plan year) derived from grants in a given year qualify for the plan, as do individuals whose ICR exceeds the qualifying limit.

The percentage of salary derived from grants is based on the total academic salary (total salary as of July 1 of the plan year) for faculty with primary appointments in one of the five VUMC basic science departments or in the School of Nursing. For faculty with primary appointments in a clinical department who have a significant portion of their salary derived from clinical income and other sources, the salary factor will be based on the percent of the research component of their salary achieved through grant support. For example, a member of a basic science department has a salary (total salary as of July 1) of $150,000. He/she returns $90,000 of that salary from grants, which includes cost sharing. The achievable salary from research is deemed to be 95% of the total salary ($150,000 x 95% = $142,500). Therefore $90,000/$142,500 = 63% of salary obtained from grants. In another example, a member of a clinical department has an academic salary of $170,000. Based upon the clinical/research split of their time commitment, the department chair defines the achievable research component of the salary as $100,000. He/she obtains $55,000 of salary support from grants including cost sharing, or a $55,000 ÷ $100,000 = 55% return.

The following criteria will allow a faculty member to be eligible for a research reward:

<table>
<thead>
<tr>
<th>Faculty Rank</th>
<th>Indirect Cost Recovery</th>
<th>% Salary Recovery</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professor</td>
<td>≥ $200,000</td>
<td>≥ 75%</td>
</tr>
<tr>
<td>Associate Professor</td>
<td>≥ 100,000</td>
<td>≥ 75%</td>
</tr>
<tr>
<td>Assistant Professor</td>
<td>≥ 75,000</td>
<td>≥ 75%</td>
</tr>
</tbody>
</table>

Faculty members who reach either the qualifying salary recovery or the qualifying ICR for their level of appointment will qualify for the plan.

VI. Calculation of the Research Reward Distribution to Faculty

The basis for calculating the distribution in a given year is described below. Qualifying adjustments are discussed and a few examples illustrative of how the plan will work are presented. To calculate the return to the faculty member, multiply the ICR in column 2 by the figure in column 5, and then by the Distribution % in column 6. [2 x 5 x 6].

3 Revised 6/19/03
TABLE 1

<table>
<thead>
<tr>
<th>PI</th>
<th>Qualifying Professor Rank</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>All</td>
<td>80%</td>
<td>$272,126</td>
<td>0.80</td>
<td>0.22</td>
<td>1.02</td>
<td>3.06%</td>
<td>$8,493</td>
<td>$2,123</td>
<td>$10,616</td>
</tr>
<tr>
<td>B</td>
<td>All</td>
<td>79%</td>
<td>195,303</td>
<td>0.79</td>
<td>0.15</td>
<td>0.94</td>
<td>3.06%</td>
<td>5,617</td>
<td>1,404</td>
<td>7,021</td>
</tr>
<tr>
<td>C</td>
<td>Assoc or Asst</td>
<td>54%</td>
<td>108,981</td>
<td>0.54</td>
<td>0.06</td>
<td>0.60</td>
<td>3.06%</td>
<td>2,000</td>
<td>500</td>
<td>2,500</td>
</tr>
<tr>
<td>D</td>
<td>All</td>
<td>48%</td>
<td>7,365</td>
<td>0.48</td>
<td>(0.04)</td>
<td>0.44</td>
<td>3.06%</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
</tbody>
</table>

1 Actual examples based on 2000 data.
2 Qualifying Professor Rank
   This column describes the rank level that could qualify for the plan for the specific example. For example, if PI-C were a full professor, the individual would not qualify because the threshold criterion of either $200,000 ICR or 75% of salary was not achieved. The resulting distribution would be zero.
3 If faculty member were an Associate Professor or an Assistant Professor, they would qualify.

A. Percent Salary on Grants
   The plan will benefit an individual in proportion to the percent of salary funded by extramural sources (grants, contracts, etc.). As indicated in Section V B., the calculations include that portion of research salary component in excess of the NIH cap. The percentage of achievable salary from research recovered on grants/contracts is shown in column 1 of Table 1. In those instances where a co-investigator makes a substantial contribution to the writing of the grant, the data gathering, and interpretation of data, it is expected that the PI of the grant would appropriately distribute a portion of the reward back to the co-investigator in the spirit of fostering collaboration.

B. Total Indirect Cost Recovery (ICR)
   The basis of the Research Reward Plan is the total ICR, in dollars, generated by an individual’s research program during the fiscal year in question. The number will be computed by the VUMC Department of Finance. This number (Investigator’s Total ICR) is shown in column 2 of Table 1.

C. Salary Factor
   The salary factor (column 3, Table 1) represents the percent of achievable research salary on grants/contracts expressed as a decimal (e.g., 80% is 0.80).

D. ICR Factor
   Indirect cost recovery is a very tangible benefit to the institution, as these funds provide the infrastructure, such as core facilities to launch and sustain research programs. A bonus factor is included in the calculations to encourage the faculty to maximize this recovery. The total ICR minus a qualifying $50,000 is used in the formula. The bonus factor is determined as follows: Total ICR – $50,000 x 10^-6. This is shown in column 4 of Table 1.
E. Total Factor
This represents the sum of columns 3 and 4, as shown in column 5 of Table 1.

F. Distribution Percentage
The distribution percentage, which is the unknown in the equation, is arrived at by computer modeling by the Department of Finance. This number will change from year to year, as it depends on overall research growth and institutional needs.

G. Distribution to Faculty Members
The reward distribution to the faculty member is calculated by multiplying columns (2 x 5 x 6). The amount deposited into an account for the faculty member is shown in column 7 of Table 1, rounded to the nearest dollar. Should the faculty member receiving a reward wish to take the reward in part or in whole as a salary bonus, this would require approval from the Chair of the Department and affirmation from the Associate Vice Chancellor for Research. An individual’s calculated distribution must equal or exceed $1,000 to qualify for a payout under this Plan.

H. Distribution to Departments
The departments should also share in the success of their faculty and an amount approximately equal to 20% of the total pool be provided to the departments. This will provide an incentive for Departments to promote faculty research productivity. The Department Chair may elect to return the department share back to the faculty members if he/she so chooses.

VII. Program Projects, SCORs, Centers, Training Grants, VA and Special Cases

A. Program Projects and SCORs
The percent effort for the individual participants on PPGs, SCORs, etc., will be credited toward the percent salary obtained from grant support. Participants will also get credit for the percent effort generated from their individual project(s). The PPG/SCOR director will get credit for the ICR generated from the administrative core, and core directors for the percent effort they devote to the management of the cores. This is in recognition of the fact that these individuals devote significant effort to the success of these programs. The calculated 20% distribution portion of the reward will be returned to the PPG/SCOR Director for use in improving the functioning of that unit.

B. Research Centers
Research centers support the work of numerous investigators and are a very important part of our environment. They represent the collective effort of many faculty members, and it is reasonable to divide the ICR into the component parts. The paid percent effort of all faculty participants will count toward their salary recovered from grants. These research centers will be treated in a similar manner as an individual ICR credit, (column 2, Table 1), with calculations for each center
based on its total ICR recovery. Some research centers have components that directly support peer-reviewed research or cores. Such components will be judged just as other peer-reviewed research, with credit going to the PI of each project/core. For example, the center grant PI would receive a reward based upon the ICR return for the administrative core and would receive credit for the percent effort devoted toward meeting his/her qualifying percent salary return. The core directors would receive a reward based upon the ICR return for the core/program budget they direct and the percent effort devoted to running the core/program would count toward meeting his/her qualifying percent salary return. The 20% return distribution (based upon the proposed 80/20 split between investigators and departments) would go back into the center budget and can be used to further the goals of the center, at the discretion of the center director and center advisory committee. A discretionary center number will be established and credited with the reward dollars.

C. Training Grants
A fixed amount of $1,600 will be allocated to the PI and $400 will be allocated to the department of the PI of the training grant. Any salary paid to faculty for their effort on training grants will count toward their total derived from research grants.

D. Veterans Administration (VA), Howard Hughes Medical Institute (HHMI) and Stallworth Rehabilitation Hospital (SRH) Investigators:
Faculty with appointments at the VA, HH, or SRH need special consideration due to the unique circumstances of the administrative process and cost recovery supporting their research initiatives.

SALARY
Salary, such as a VA Career Development Award, will count as percent of salary within the Plan. Also, other fractions of salary paid by the VA, HHMI or SRH directly related to research will also be included in an individual's percent effort as it relates to the Plan. The VA effort will be based on the Memorandum(s) of Understanding covering the plan year.

INDIRECT COST RECOVERY
Grants obtained through the VA, HHMI, or SRH, where VUMC does not receive indirect cost recovery dollars, are not included in the Plan as it relates to indirect cost recovery credit. For federally funded research carried out by VAH, HHMI, or SRH investigators, the indirect cost recovery rate will be calculated at ICR rate at VUMC.

E. Special Cases
The percent achievable salary will be 95% for scientists in Basic Science Departments. For Clinical Faculty the percent achievable research salary will be defined by the Clinical Department Chair based upon their clinical/research split. Gift monies and endowed chair funds will not apply toward the salary or ICR qualification.
VIII. Administration of the VUMC Research Reward Plan

A. The plan will be effective July 1, 1999 with anticipated pay in the fall of each following fiscal year for grant dollars expended for that fiscal year.

B. By July 1 of each fiscal year, the departmental business officers will validate the names of the primary faculty in their respective departments whom they project will be eligible for participation. This will include all individuals who have either 75% of their salary paid from extramural sources or greater than the qualifying ICR for their faculty position for the year in question.

C. The data upon which this plan is based will come from the general ledger through VUMC Department of Finance.

D. There will be one (1) annual distribution to the faculty and departments in the fall of the following fiscal year with a total maximum faculty payout of $50,000 per person.

E. The funds in an individual’s account can accumulate from year to year. These funds cannot be transferred to another institution. Any funds remaining upon the transfer/termination from Vanderbilt of a faculty member will be returned to general institutional funds.

F. Adjustments of the distribution factor will be made on an annual basis to account for changes in research growth and institutional needs.

G. A faculty committee, with broad representation, appointed by the Associate Vice Chancellor for Research, will oversee this plan on a continuing basis. The Plan will continue to evolve and change with input from faculty and administration.

H. Administrative charges, disputes, or appeals related to the plan are the responsibility of the faculty committee and the Associate Vice Chancellor for Research.

I. To ensure that you are not charged indirect costs on these funds, the reward moneys should be spent out of the Individual Reward account (an established center number in the general ledger).