

Augusta University

Policy Library

Incentive Compensation Plan and Rewards Program

Policy Manager: Office of Human Resources

POLICY STATEMENT

This policy sets forth Augusta University's Incentive Compensation Plan and Rewards Program. The Board of Regents of the University System of Georgia has authorized an Incentive Compensation and Rewards Program to 1) promote efficiency and effectiveness in achieving strategic organizational goals and 2) enhance recruitment, engagement, and retention of critical skills and talent necessary to achieve institutional goals.

The Incentive Compensation program is to be funded within Augusta University's institutional budget and is subject to funding availability. The Office of Enterprise Finance is required to identify the funding source and is required to certify funds availability prior to approval for implementation. The program is not guaranteed and payments under this plan will only be authorized following approval by the President.

Incentive compensation is available through the following programs:

Goal-based incentive

Hiring incentive

In addition, a non-cash award may be used to recognize employees for extraordinary service.

Augusta University (AU) employees are public servants and expected to devote their full effort to furthering the mission of the university. The base pay plan of the university is designed to appropriately compensate employees for their service in a fair and equitable manner while also providing merit-based adjustments, when authorized by the University System of Georgia (USG), consistent with employee performance. In accordance with the Board of Regents policy, incentive compensation should be used sparingly and only when clearly in the best interest of the institution. The incentive plan should not create a culture of expecting that simply performing one's duties well or contributing to the institution's improvement entitles the employee to incentive compensation. High-performance employees normally should be recognized through merit adjustments, training and assignment opportunities, and promotions.

The AU Incentive Compensation Plan and Rewards Program complies with the Board of Regents policy provisions. The AU Incentive Compensation Plan and Rewards Program is intended to 1) promote efficiency and effectiveness in achieving strategic organizational goals and 2) enhance recruitment, engagement, and retention of critical skills and talent necessary to achieve institutional goals, and 3) is also part of the AU strategy to be competitive in academic medicine where incentive opportunities are common.

Office of Legal Affairs Use Only

Executive Sponsor: Enterprise, VP Human Resources

Next Review: 10/2020

AFFECTED STAKEHOLDERS

Indicate all entities and persons within the Enterprise that are affected by this policy:

- Alumni Faculty Graduate Students Health Professional Students
 Staff Undergraduate Students Vendors/Contractors Visitors
 Other:

DEFINITIONS

Base Rate of Pay: Base Rate of Pay shall be that amount shown on the Participant's annual faculty contract, or annual appointment letter for those Participants who do not receive faculty contracts, or, if not covered by one of the above, the employee's budgeted annual rate. For the health sciences colleges of Augusta University, recognizing the high cost of delivering education in academic medicine, each college has established a faculty practice plan to further the mission of the college, including the generation of funding from the delivery of patient care. These funds may be used by the college to support the base salaries of the faculty involved in patient care, since state funding is not adequate to cover the salaries necessitated in academic medicine. Thus, for these colleges, the base rate of pay is supported by more than just traditional funding sources of state appropriation and tuition and student fees.

Hurdle Metrics: Hurdle Metrics are those metrics included in the faculty practice plans or the AU Research Institute plan as approved by the President or designee on an annual basis, which serve as a prerequisite to any Incentive Pay being made. If a metric is designated as a Hurdle Metric, it must be achieved, or no Incentive payments will be considered and/or made regardless of performance on other metrics.

Metrics: Metrics shall mean the goals or measures of quantitative assessment used to track a Participant's performance and production as set forth in advance of each Plan Period. The President will authorize each faculty practice plan and the Augusta University Research Institute to identify and adopt reasonable metrics for their respective members. Such metrics will be maintained at the faculty practice plan level. However, the President may designate that certain metrics be included at his/her discretion.

Eligible Participants: Eligible Participants shall generally be faculty who are members of an approved faculty practice plan, such as Augusta University Medical Associates for clinical faculty within the Medical College of Georgia, the Dental College of Georgia Faculty Practice, the College of Allied Health Sciences Faculty Practice and the College of Nursing Faculty Practice, and/or members of the Augusta University Research Institute. Participants may also be so designated by the President in their offer letter or contract cover letter, regardless of participation in a practice plan. The President may amend the list of practice plans and eligible participants from time to time based on the needs and mission of the enterprise.

Plan: The Plan shall mean the Incentive Compensation & Rewards Program described in this policy.

Plan Period: Plan Period shall mean the fiscal year, unless another performance measurement term is indicated.

Incentive Payments: Incentive Payments are one-time payments made to Participants after those Participants have successfully met or exceeded stated, objective metrics, or hurdle metrics, for success within the meaning of this policy. When awarded, Incentive Payments are not added to base pay and are not part of a Participant's earnable compensation for determining retirement contributions or benefits.

Incentive Worksheet: The Incentive Worksheet incorporated herein as Appendix A shall be the document used if a Participant is added to the Plan by the President, rather than covered through membership in a faculty practice plan or the research institute. The incentive worksheet must capture specific goals and measures of success for each goal, and will be used to determine any incentive payment. There are two worksheet options, one where the target incentive is a percentage of the Participant's Base Rate of Pay, and one where the target incentive is a flat rate for the metric or metrics.

Target Incentive: The Target Incentive is the number, expressed as a percentage of a Participant's Base Rate of Pay or a flat rate per metric, which indicates the Incentive payment potential depending on how metrics are met. Incentive payouts will not normally exceed 20% of the participant's base rate of pay. Incentive payments over 20% must be approved by the President.

PROCESS & PROCEDURES

Goal-Based Incentive

Faculty Practice Plans:

Augusta University has established faculty practice plans within the health sciences colleges to further the missions of the respective colleges. Each faculty practice plan is expected to generate funds from the delivery of patient care that can be used by the respective colleges in support of operating budgets, and may be used to support the base salaries of faculty, thereby reducing the reliance on state funding. The percentage of salary support that may come from a practice plan will generally be linked to the percentage of effort that a faculty member expends in patient care. This salary support is part of base pay and not considered incentive. In addition to providing funding to cover base pay, each practice plan may also generate funds that can be used for the payment of goal-based incentives to faculty who meet or exceed predetermined, and objectively measurable criteria that are beyond and above normal work requirements.

Each faculty practice plan is authorized to establish and maintain, within the respective plans, productivity and/or quality based goals, relevant for their specific type of clinical practice and the plan's ability to generate patient care revenue, which must be met in order for any incentive

payment to be awarded. Such goals will be recognized as stretch goals and compare favorably to national norms for similar plans.

Augusta University Research Institute:

The Augusta University Research Institute (AURI) is expected to generate funds that can be used to further the research mission of the university, including the payment of a goal-based incentive to faculty who meet or exceed predetermined, and objectively measure criteria that are beyond and above normal work requirements. The research institute is authorized to establish and maintain within the research institute the specific research goals that must be met in order for a research incentive to be paid. The research incentive is calculated at 10% of Facilities & Administration (also referred to as indirect costs or overhead) earned based on direct cost spending on individual awards during the calendar year (January –December). The calculation is made in two steps:(a) 40% of the incentive calculation is available to the principal investigator (PI) in recognition of his/her specific project responsibilities, and (b) the remaining 60% is distributed among the principal investigator and co-investigators/collaborators in proportion to their relative effort commitments to the grant or contract based on certified effort reports. After the incentive amount is calculated, each investigator is given the opportunity to select the desired incentive option, i.e., one-time incentive payment paid in accordance with this policy, or a deposit to a research account as outlined in the AU Research Incentive program or a combination of the two.

Incentive calculations on program projects grants will be based on F&A earnings of the individual projects and cores. The PI (and collaborators) of each project/core will receive an incentive award based on the project/core to which they have effort/salary assigned.

Note: Only faculty are eligible to participate in the incentive program. In accordance with institutional policy, faculty must assign salary commensurate to effort as permitted by the sponsor's guidelines.

Terms and Conditions

The following terms and conditions shall govern the plan:

Incentive Payments are contingent upon the Participant meeting eligibility requirements and complying with the Terms and Conditions of the Plan.

The Participant must exhibit satisfactory performance in assigned duties as demonstrated by receiving a rating of Meets Expectations or higher on the Participant's most recent individual annual evaluation.

For each Participant, metrics for earning Incentive Payments will be established by their respective practice plans and/or the AURI in writing prior to the commencement of the Plan Period in which metrics are to be measured. The President may delegate to other university officers the authority to identify potential Participants and metrics, but the President must approve general terms.

Metrics may be based on enterprise-wide performance, practice plan performance, AURI performance, individual performance, or a combination thereof. In all cases, metrics for earning Incentive pay will be based on reasonably objective measures.

For each Plan Period, the Executive Vice President of Finance is required to identify the funding source to be used for incentive payments and is required to certify funds availability prior to approval for payment.

Metrics will measure areas in which the Participant's exemplary performance produces significant, tangible benefits to AU by enhancing the academic, patient care, research, service, or operations of AU.

Incentive Pay is not earned or declared until an evaluation and calculation of all metrics has been concluded for the Plan Period and presented to and authorized by the President. This will normally occur within 75 days of the close of the Plan Period, and Incentive Payments will normally be paid within 30 days thereafter. The President shall make the final determination of whether any metrics have been met, and at what level.

Except as provided in #6 and #7 below, Participants must be employed at the time of any authorized Incentive Payment in order to be eligible to receive Incentive Pay.

AU reserves the right to suspend or terminate this Plan at any time, with or without notice.

Incentive Payments are made at the discretion of the President, may be withdrawn or cancelled at any time for any individual based on unsatisfactory performance or inappropriate behavior in the workplace even if unrelated to normal duties or goals associated with this incentive plan, contingent upon availability of funding, and not considered a guarantee of any payment or future employment.

This Plan is subject to applicable USG, State or Federal laws, regulations and policies, and may be modified or cancelled to ensure compliance.

Incentive payments are included and taxed as salary in the pay period issued, are not added to base pay, and are not considered earnable compensation for the purposes of retirement plan contributions.

Hiring Incentive Program

The Hiring Incentive Program is a formalized incentive program designed to provide Augusta University greater flexibility to hire prospective employees with critical skills and qualifications necessary to meet institutional strategic business objectives. The Executive Vice President of Finance is required to identify the funding source to be used for a hiring incentive to be offered and paid.

The Hiring Incentive Program may be used to support hiring into one of the following types of positions:

A position determined by the institution to be critical and hard-to-fill (such as a position that has been vacant for an excessive period of time with no qualified applicants, or that requires a skill set that is unavailable or rare in a particular geographic area, etc.);

A position that is critical to an institution meeting its accreditation standards; or,

A position that is critical to maintaining public safety.

A hiring incentive payment is a one-time payment, not part of base salary or included as earnable compensation for determining retirement benefits, for the hire of a prospective employee with critical skills and qualifications. Hiring incentives may only be used for jobs and/or positions listed in Appendix B.

The maximum award on a hiring incentive is 10% of the annual offer salary.

The jobs/positions included in the plan should be re-evaluated annually to ensure relevancy.

Hiring Incentive payments are included and taxed as salary in the pay period issued.

A prospective employee who is offered a hiring incentive must agree in writing to remain in the position for a minimum of two years or repay a prorated portion of the incentive should the employee not remain in the position for this period. Further, the employee agrees to repay the University such costs if the Employee is “terminated for cause” within the two-year period from the Employee’s date of hire or transfer date. “Termination for cause” includes gross misconduct, gross negligence in performance of job duties, and insubordination. “Termination for cause” does not include office closings or position elimination. With a “Termination for cause”, the employee will have fourteen (14) days from date of resignation or termination to make repayment.

Except for a “termination for cause,” the percentage of hiring incentive pay to be repaid is based on the number of calendar days employed (i.e., number of continuous days on employed status, not number of days physically present for work), according to the following table:

Days Employed	Reimbursement
Day 0 – 365	100%
Day 366 – 485	75%
Day 486 – 605	50%
Day 606 – 730	25%

If it is found that the Employee obtained employment fraudulently (e.g., under falsified credentials), the Employee agrees to repay the University 100% of the hiring incentive previously paid by the University regardless of the number of days employed.

The hiring incentive and the repayment provision must be specified in the written offer and acceptance of employment to be valid using the template found in Appendix C.

To request a hiring incentive, the manager of the hiring department must prepare and submit for approval a written justification outlining the reason for the request in accordance with the above through his/her chain of command to the relevant Executive Vice President. The request must include the funding source to be used to cover the hiring incentive. Following approval by the relevant EVP, the request will be forwarded for approval to the Executive Vice President of Finance to confirm the funding source identified and to Human Resources for approval, prior to the written offer being issued.

Human Resources will review the request based on policy guidelines.

Provided all approvals have been secured and other conditions have been met, the hiring incentive will be paid with the new employee's first regular paycheck from Augusta University.

Extraordinary Service Program:

This is a non-cash award that may be used to recognize an employee or group of employees who go beyond the ordinary demands of the job in performing an extraordinary service, act, or achievement in the public interest and related to the institution's mission, vision and goals.

Service, acts, or achievement, deserving of an Extraordinary Service award include but are not limited to, the following:

Performing an act of heroism above and beyond the normal demands of the job;

Responding in an extraordinary manner to an unanticipated problem or opportunity on behalf of the institution;

Performing a service, act, or achievement that particularly enhances public perception of the institution; or,

Obtaining innovative or unique success when others' efforts have failed or it has been stated the job could not be done.

All employees are eligible for recognition under the Extraordinary Service Program. The Extraordinary Service Program shall follow the same guidelines as the AU Employee Awards program, with nominations for consideration submitted to Human Resources not later than March 1 of each year. Winners selected will be recognized at the Annual Employee Awards program ceremony.

Awards may include certificates of merit, pins, buttons, or other emblems. As outlined in the Board of Regents policy, extraordinary service awards are discretionary, non-cash awards. Any costs incurred for the Extraordinary Service Program will be paid from funds allocated annually by the Augusta University Foundation and the MCG Foundation for employee recognition.

REFERENCES & SUPPORTING DOCUMENTS

Augusta University MCG & Medical Associates Faculty Compensation Plan

Augusta University Dental Associates Incentive Plan

Augusta University Research Institute Plan

Incentive Worksheet (see Appendix A)

Appendix A = Incentive Worksheet (to be used only if participant is not a member of a faculty practice plan or eligible for research incentive)

Appendix B = List of Hiring Incentive Eligible Jobs/Positions

RELATED POLICIES

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APPROVED BY:

Executive Vice President for Academic Affairs and Provost, Augusta University

Date: 10/4/2019

President, Augusta University

Date: 10/8/2019

Appendix A

Incentive Compensation Worksheet - Option 1 Percentage of Base

METRICS

PLAN PERIOD: Fiscal Year 20XX (July 1, 201X through June 30, 201X)

Participant's Name: _____ Participant's Position: _____

Target Incentive Opportunity: ____ % of Base Salary

Metrics	Hurdle? Yes/No	Threshold Performance (normally achievable 80% of time)	Target Performance (normally achievable 50% of time)	High Performance (normally achievable 20% of time)	Weighting
					%
					%
					%
					%
					%

Approved by: _____

Date: _____

Brooks A. Keel, PhD.
President, Augusta University

Acknowledged by: _____

Date: _____

Name, Title

NOTES:

The policy defines the terms used in this worksheet.

The definition of all metrics and performance levels must be objective and unambiguous. Someone completely unfamiliar with this plan should be able to understand the metrics and performance levels solely by reading this worksheet.

Alternate Plan Periods, and Target Incentive amounts may be used if specified on the Worksheet and approved by the President.

The Weightings column must total 100%.

Appendix A

Augusta University Incentive Compensation Worksheet – Option 2 Flat Rate

METRICS

PLAN PERIOD: Fiscal Year 2019 (September 18, 2018 through June 30, 2019)

Participant's Name: _____ Participant's Position: _____

Target Incentive Opportunity if Metrics are Met: \$_____

Metrics	Metric Met Yes or No	Incentive Payment if Metric is Met
Goal 1		\$ List Amount
Goal 2		\$ List Amount
Goal 3		\$ List Amount
Goal 4		\$ List Amount
Total Incentive Opportunity		\$ List Amount

Approved by: _____

Date: _____

Brooks A. Keel, Ph.D.
President, Augusta University

Acknowledged by: _____

Date: _____

Name of Participant

NOTES:

The policy defines the terms used in this worksheet.

The definition of all metrics and performance levels must be objective and unambiguous. Someone completely unfamiliar with this plan should be able to understand the metrics and performance levels solely by reading this worksheet.

Alternate Plan Periods, and Target Incentive amounts may be used if specified on the Worksheet and approved by the President.

Appendix B

The following types of positions may be considered for the Hiring Incentive. This list may be updated at the discretion of the Vice President of Human Resources.

Faculty positions that include patient care responsibilities and/or are in specialized disciplines that are difficult to fill

Positions with patient care responsibilities

Positions at the director and department chair level and above that are in specialized disciplines and/or are difficult to fill

Positions that are vacant following a period of six (6) or more months of active recruiting

Positions that involve the protection of public safety

Positions that have been deemed by the VP of Human Resources as difficult to fill

Appendix C

Hiring Incentive Agreement

Augusta University is pleased to offer you a hiring incentive of \$ _____. This hiring incentive will be paid in one lump sum in a separate check on the next regularly scheduled pay date after you start employment with Augusta University. The hiring incentive is taxable, and all regular payroll taxes will be withheld. This hiring incentive is not part of and will not be added to your base salary, and is not included as earnable compensation for determining retirement benefits. In the event that you leave Augusta University within 24 months of your date of hire, you will be responsible for reimbursing Augusta University for the hiring incentive as outlined in the policy. By your signature on this hiring incentive agreement, you authorize Augusta University to withhold this hiring incentive amount (\$_____) from any final pay you receive, including your annual leave payout, upon termination of employment.

Employee Name (please print): _____

Employee Signature: _____

Date: _____