**Additional Guidance for the Policy on SHRA Sign-on and Retention Bonuses**

1. **Scenarios Provided by the North Carolina Office of State Human Resources**

**Specific Situations in Which a Sign-On or Retention Bonus Can Be Provided**

For an agency to offer a sign-on or retention bonus, certain criteria must be met for each of the situations outlined in the Office of State Human Resources Sign-On and Retention Bonus Policy. The six situations below are the only situations in which an agency may offer a sign-on or retention bonus. The individual criteria for each of these situations follows:

1. **Sign-On Bonuses**

***Sign-On Bonus Situation 1: Sign-on Bonus for a Specific Job Classification***

In this situation, the sign-on bonus provides a recruitment incentive to attract qualified candidates in job classifications critical to the mission of an agency that have labor market shortages impacting the business needs of the agency and impairing the delivery of essential services. To enhance its ability to recruit during labor market shortages, an agency may determine the need to offer competitive sign-on bonuses to candidates hired into positions for a specific job classification within the agency, division, facility, or unit. The sign-on bonus may also be limited to a geographical area. If the agency has flexibility authorization to provide a sign-on bonus for a job classification, the agency must notify the Office of State Human Resources (OSHR) within 30 days that it has established a sign-on bonus program and provide supporting documentation. Documentation must include:

* The proposed duration for the sign-on bonus program.
* Amount of the sign-on bonus and how payment will be distributed (ex., in 1st paycheck and in 12th paycheck).
* That the sign-on bonus will be set as a flat rate for the job classification and will be consistently applied to all candidates.
* Data demonstrating that (1) turnover rates are significantly higher than acceptable, (2) retention rates are significantly lower than acceptable, (3) vacancy rates are significantly higher than acceptable, or any combination of these three. (This evaluation may be based on historic rates or on the agency’s ability to meet its functions with that rate of turnover, retention, or vacancies.)
* Data demonstrating that sign-on bonuses are recognized as a common practice to be competitive in the market for the candidates being recruited for a specific classification.
* Steps are being taken to mitigate the recruitment or retention challenges.

***Sign-On Bonus Situation 2: Sign-on Bonus for an Individual Position***

In this situation, the sign-on bonus provides a recruitment incentive to attract qualified candidates in a position (typically the employee in the position will serve as the only individual in a role or is one of two within an agency) that is critical to the mission of an agency in which the market is very competitive. An agency’s inability to attract and hire a strong candidate would impact the business needs of the agency and impair the delivery of essential services. Agency documentation must include:

* amount of the sign-on bonus and how payment will be distributed to new hire;
* justification demonstrating that sign-on bonuses are recognized as a common practice to be competitive in the market for the position being recruited; and
* steps are being taken to mitigate the recruitment or retention challenges.
1. **Retention Bonuses**

***Retention Bonus Situation 1: Retention Bonus in Parallel with a Sign-On Bonus Program for a Specific Job Classification***

In this situation, the retention bonus provides a method of retaining a group of employees when the agency is offering a sign-on bonus as a recruitment incentive to attract qualified candidates in critical positions that have labor market shortages impacting the business needs of the agency and impairing the delivery of essential services.

* The agency must be actively offering a sign-on bonus for a job classification to create and implement a similar program to provide a retention bonus to employees in the same job classification within the agency, or a specific division or unit. The retention bonus may also be limited to a geographical area.
* The agency must notify OSHR in writing of the matching program with supporting documentation.
* Matching retention bonuses may not exceed the amount established for the related classifications listed in the sign-on bonuses program without OSHR’s review and approval.
* Steps are being taken to mitigate the recruitment or retention challenges.

***Retention Bonus Situation 2: Retention Bonus in Parallel with a Sign-On Bonus Program for an Individual***

In this situation, the retention bonus is provided to retain an employee when the agency has offered a sign-on bonus as a recruitment incentive to an individual in a similar, critical position within the same work unit that has labor market shortages which affect the business needs of the agency and impair the delivery of essential services.

* The agency must be offering a sign-on bonus to the candidate selected for an individual position to provide a retention bonus to an employee in the same role within the agency.
* A matching retention bonus may not exceed the amount approved for the new employee receiving the sign-on bonus without review and approval by OSHR.
* Steps are being taken to mitigate the recruitment or retention challenges.

***Retention Bonus Situation 3: Retention Bonus Tied to a Special Initiative***

In this situation, the retention bonus is provided to retain a team of employees assigned to a special initiative of the agency, state, institution, or system where their combined special skills and understanding of the initiative are critical to its successful completion. The following criteria must be satisfied:

* the employees must have specialized skills critical to the initiative’s successful completion,
* the special initiative must have a defined completion or end date (although that date may change over time),
* the agency is or would not be able to recruit another individual to replicate the demonstrated skills of employee(s) considered to be subject matter experts within the specialized team without impacting the timely completion of the project, and
* steps are being taken to mitigate the recruitment or retention challenges.

In addition:

* The agency must notify OSHR in writing of any retention bonus program that includes a team of 50 or more employees, even if the agency has flexibility authorization for that program. (This is in addition to the required OSBM.)

***Retention Bonus Situation 4: Retention Bonus for an Individual***

In this situation, the retention bonus is provided to retain an employee when they are likely to leave the agency to work for another agency or employer. The following criteria must be met for that specific employee:

* there is a competitive labor market for the skillset,
* the employee has skills critical to the mission of the agency that would be difficult to timely replace, and
* steps are being taken to mitigate the recruitment or retention challenges.

This retention bonus option also provides agencies with a mechanism to retain an employee critical to an agency’s mission during a period of transition, such as a closure or relocation of an employee’s office, facility, activity, or organization, who would be likely to leave before the transition is complete.

1. **Scenarios Provided by UNC-CH Office of Human Resources**
2. **Sign-on Bonuses**

*These scenarios are all for employees who get a sign-on bonus in two installments, one paid on hire and the other paid at the end of one year of service.*

**Scenario 1:** Employee is hired in School A in a research role. Within the first year, employee transfers to another research role in School A.

**Result:** Employee is still eligible for second installment.

**Scenario 2:** Employee is hired in School A in a research role. Within the first year, employee transfers to another research role in School B.

**Result:** Employee forfeits second installment.

**Scenario 3:** Employee is hired in School A in a research role. Within the first year, employee transfers to an accounting role in School A.

**Result:** Employee forfeits second installment.

**Scenario 4:** Employee is hired in School A in a research role. Within the first year, employee transfers to a research role at NC State.

**Result:** Employee must repay pro-rated portion of sign-on bonus already paid for months short of one year of service and forfeits any unpaid installment.

**Scenario 5:** Employee is hired in School A in a research role. At annual performance review in first year, employee is rated as “Not Meeting Expectations”.

**Result:** Employee forfeits second installment.

**Scenario 6:** Employee is hired in School A in a research role. Within the first year, employee receives a disciplinary action for performance or conduct.

**Result:** Employee forfeits second installment.

**Scenario 7:** Employee is hired in School A in a research role. Within the first year, employee voluntarily resigns from the University.

**Result:** Employee must repay pro-rated portion of sign-on bonus already paid for months short of one year of service and forfeits any unpaid installment.

**Scenario 8:** Employee is hired in School A in a research role. Within the first year, employee is involuntarily dismissed from the University.

**Result:** Employee must repay pro-rated portion of sign-on bonus already paid for months short of one year of service and forfeits any unpaid installment.

1. **Retention Bonuses**

*These scenarios are all for employees who get a retention bonus in two installments, paid twelve months apart.*

**Scenario 1:** Employee receives a retention bonus in School A in a research role. Within the next twelve months, employee transfers to another research role in School A.

**Result:** Employee is still eligible for second installment.

**Scenario 2:** Employee receives a retention bonus in School A in a research role. Within the next twelve months, employee transfers to another research role in School B.

**Result:** Employee forfeits second installment.

**Scenario 3:** Employee receives a retention bonus in School A in a research role. Within the next twelve months, employee transfers to an accounting role in School A.

**Result:** Employee forfeits second installment.

**Scenario 4:** Employee receives a retention bonus in School A in a research role. Within the next twelve months, employee transfers to a research role at NC State.

**Result:** Employee must repay pro-rated portion of retention bonus already paid for months short of one year and forfeits any unpaid installment.

**Scenario 5:** Employee receives a retention bonus in School A in a research role. At annual performance review that year, employee is rated as “Not Meeting Expectations”.

**Result:** Employee forfeits second installment.

**Scenario 6:** Employee receives a retention bonus in School A in a research role. During the next twelve months, employee receives a disciplinary action for performance or conduct.

**Result:** Employee forfeits second installment.

**Scenario 7:** Employee receives a retention bonus in School A in a research role. Within the next twelve months, employee voluntarily resigns from the University.

**Result:** Employee must repay pro-rated portion of retention bonus already paid for months short of one year and forfeits any unpaid installment.

**Scenario 8:** Employee receives a retention bonus in School A in a research role. Within the next twelve months, employee is involuntarily dismissed from the University.

**Result:** Employee must repay pro-rated portion of retention bonus already paid for months short of one year and forfeits any unpaid installment.