



# Hiring Bonus Program

**Summary:** UW-Madison recognizes the need to occasionally provide hiring bonuses when attracting candidates to UW employment. A hiring bonus may be used as a pay mechanism for attracting candidates. This Program provides the guidelines in which Divisions can set up and administer their own Hiring Bonus Program.

Relocation Expenses and Faculty Start-up Packages can be provided to the selected candidate in addition to a hiring bonus. Hiring bonuses are distinct from faculty start-up packages and relocation expenses.

## Employee categories this applies to:

- Academic Staff
- Faculty
- Limited Appointees
- Student Hourlies
- Temporary Employees
- University Staff (including craft workers)
- Post Degree Training

## This does not apply to:

- Student Assistants
- Internal Recruitment

**Rationale:** Policy number UW-5023 provides UW-Madison the ability to award Supplemental Lump Sum Payments (10.01.IX). The Hiring Bonus Program is considered a supplemental lump sum payment.

**Program Details:** Subject to Office of Human Resources approval, each division has the flexibility to develop a program that meets their business needs within these guidelines. Once approved the Divisional Program allows Divisions the ability to offer a hiring bonus as an incentive to prospective employees who possess skills that are in high market demand, with the prior approval of the Division Director of Human Resources.

**Eligibility:** Any applicant to an open position in the employment categories listed above is eligible to receive the hiring bonus. If the employee leaves the position within 12 months of hire, or prior to the proposed end date if the position is less than 12 months in duration, the employee will be required to repay a prorated amount of the hiring bonus amount.

**Job Posting:** The job posting must include language indicating a hiring bonus will be provided and the amount of that bonus. Consult with Talent Acquisition if the amount is not known at time of posting or if a hiring bonus needs to be added after the position is posted due to an unexpected recruitment problem.

**Amount:** The amount of the hiring bonus can be up to 15% of the proposed starting salary. Divisions are responsible for funding the hiring bonus and must ensure the funding source used allows for payment of a hiring bonus.

**Payment administration of hiring bonus:** The employee will receive the full hiring bonus on their first paycheck in the newly appointed role or divisions can develop a payment schedule of the hiring bonus. The payment schedule cannot extend past the first year of employment.

Divisions will submit the payment(s) to OHR via Workflow for Additional Pay in HRS and include the justification for the payment for approval.

**Language to include in Appointment Letter:** “We are pleased to offer you a hiring bonus of \$ \_\_\_\_\_ . This bonus will be paid as part of your first paycheck with [Department, Division]. The hiring bonus is taxable, and all regular payroll taxes will be withheld.

In the event that you leave [Division, Department] within 12 months of your date of hire, you will be responsible for reimbursing UW-Madison for a prorated amount of the hiring bonus. By accepting this employment agreement, you authorize UW-Madison to withhold a prorated hiring bonus amount from your final paycheck or any other pay you receive upon termination of employment prior to 12 months of your date of hire.”

\*If a division decides to set up a payment schedule over the first year of hire rather than full payment on the first paycheck, the appointment letter language will need to reflect the schedule as well as the repayment obligation.

\*The appointment letter language will also need to be adjusted if the position is less than 12 months in duration.

**Hiring Bonus Request Process:** Departments submit requests to their Divisional HR Office to utilize the program for a recruitment. Requests to the Divisional HR must include the following information:

- Reason for request (See Justification section below)
- Whole dollar amount, if known at time of posting (gross amount)
  - Payouts have taxes taken out
- Approval from Department Chair/Director or designee

**Justification:** Justifications must detail that a consistent and verifiable recruitment problem exists, or is likely to occur, and that a hiring bonus is a reasonable solution. The following guidelines, in the form of questions, are intended to assist in identifying the existence of a serious recruiting problem and for developing a valid justification. Justifications should include examples, data, evidence, etc., relevant to these indicators.

- Is there a history of recent (i.e. six months) problems attracting applicants?
- Are continuous recruitments necessary due to lack of applicants?

- Has attracting **minimally qualified** candidates proven difficult, demonstrated with applicant pools insufficient for the number of vacancies or a high rate of failed probations due to performance?
- Are you recruiting at an entry level and still experiencing failure?
- Have extraordinary efforts been made to recruit applicants yet challenges still exist?
- Is there a high vacancy rate due to an inability to fill vacancies?
- Is there known competition in the market where a bonus program may provide an advantage or offset competitor hiring incentives?
- Have academic, industry, economic, or other credible experts reported a serious shortage of qualified candidates?

Divisions will review the request for compliance with the Program Guidelines and approve or deny.

**If a hiring bonus was not approved before recruitment but is deemed a viable incentive during the negotiation process, please consult with OHR.** Divisions need to determine how critical it is to secure the finalist, or how difficult it will be to recruit another qualified candidate.

Potential considerations include:

1. The candidate is being courted by another organization.
2. The candidate's base salary request is outside of the University's salary range.
3. The candidate will lose a bonus or other benefits by leaving their current job, and a hiring bonus may make up the difference.