



## Exceptional Recruitment and Retention Incentive Options Policy

### No. 4005

**Policy Effective Date:**  
10/8/2024

**Policy Owner:**  
Bryan Garey

**Policy Author:**  
(Contact Person)  
Ellen Banks

**Affected Parties:**  
Faculty  
Staff

**1.0 Purpose**

**2.0 Policy**

**3.0 Procedures**

**4.0 Definitions**

**5.0 References**

**6.0 Approval and Revisions**

### 1.0 Purpose

Virginia Tech is committed to providing competitive and equitable faculty and university staff compensation, while complying with federal laws pertaining to equal pay for equal work and has established guidelines for a consistent and fiscally responsible means for supervisors to compensate faculty and university staff in support of the university's commitment to attract, develop, retain, and recognize outstanding employees. Classified staff are governed by the Commonwealth's Department of Human Resource Management compensation policies. This policy describes the process for payment of an incentive bonus ("bonus") for recruitment or retention of faculty and university staff.

### 2.0 Policy

Salaries are used to attract, develop, retain, and recognize qualified employees. It is the goal of Virginia Tech to compensate its employees at a level that emphasizes demonstrated competencies linked to business needs and organizational goals; recognizes competency development; and maintains the labor market competitiveness necessary to recruit, retain and develop a competent and diverse work force. Virginia Tech's compensation program is highly flexible based on market salary data for each position and the salaries of similarly situated employees in the same senior management area and on the same work teams. Pay differences relevant to the market benchmarks will be based on evaluation of the job requirements and individual competency levels. Compensation arrangements will be subject to applicable legislative appropriation and will comply with state and federal law.

This policy authorizes a conditional bonus to external candidates and eligible employees who possess skills and/or qualifications that are in high market demand, have a highly specialized talent, or for a position that would be otherwise difficult to fill, contingent upon the execution of a memorandum of agreement. The initiating department is responsible for funding the bonus. The bonus is an all-inclusive payment made through the payroll system that is intended to cover all negotiated financial terms upon which the hiring manager and external candidate or eligible employee agree and may be paid in a single lump sum. Effective bonuses are generally between 5% to 15% of the base salary. Applicable funding rules apply to funding sources as certain types of funding sources, such as restricted, grant, or VT Foundation funding, may be improper funding sources for bonuses.

For external candidates, a recruitment bonus may be based on a number of considerations, including, but not limited to, moving and relocation; travel; visa and immigration expenses; student loans already incurred; project-based incentives; compensatory leave; and/or annual leave. Since a recruitment bonus payment is inclusive of all negotiated financial terms, including moving and relocation expenses, this policy replaces and supersedes Controller's Office Procedure 20345A: Moving and Relocation Expenses, and Procedure 20345B: Moving and Relocation Stipend Procedure.



Payment will be issued within 30 days after the start date or the execution date of the memorandum of agreement, whichever is later, for a recruitment bonus, or the execution date of the memorandum of agreement for a retention bonus. Payments will not be made prior to the start of employment.

For existing employees, the university has compensation guidelines that support increases to base pay in addition to a one-time retention bonus through periodic adjustments. The university generally provides one-time awards to existing employees outside of periodic compensation adjustments through recognition programs established under [University Policy 4335, Awards and Recognition](#). Further, [University Policy 4800, Tuition Benefits Program for Salaried Employees](#), provides a tuition benefits program for active, salaried employees.

## 2.1 Eligibility for Recruitment or Retention Bonus

In order to be eligible for an incentive bonus for recruitment, the external candidate must be hired into a full-time or part-time salaried position. Existing full-time or part-time salaried employees may be eligible to receive an incentive bonus for retention. The employee must be reasonably expected to work on a full-time or part-time salaried basis for the department for at least one year, commencing on the date described in the applicable memorandum of agreement.

Employees who work remotely and who are more fully described in [Policy 4325, Flexible Work Policy \(Telework/Hybrid, Remote Work, and Alternate Work Schedule\)](#), shall be ineligible to receive moving and relocation payments as a component of their bonus. Such employees may be reimbursed for travel expenses incurred for travel to and from their central workplace.

## 2.2 Tax Implications

The recruitment or retention bonus will be fully taxable income to the recipient. The Internal Revenue Code requires bonuses to be reported as taxable income on the employee's W-2 statement. The tax withholding rate for bonuses (approximately 35%) includes federal taxes at the supplemental rate, state taxes, Social Security and Medicare, and may not be the same as the employee's actual taxes due at the end of the taxable year.

## 3.0 Procedures

Effective bonuses should generally be between 5% to 15% of the external candidate's starting base salary or eligible employee's current base salary. In exceptional cases, the department may request a bonus that exceeds the expected range for highly competitive situations. The initiating department is responsible for funding the bonus.

For recruitment bonuses, appropriate approvals to make the hire must be completed through the normal hiring process in the PageUp system. Additional approvals must be obtained in advance of the offer and execution of a memorandum of agreement for the recruitment bonus.

For retention bonuses, the appropriate approvals and execution of a memorandum of agreement must be obtained in advance of payment of the bonus.

Recruitment or retention bonuses up to 15% of the starting or current base salary require department head approval. Recruitment or retention bonuses up to 20% of the starting or current base salary require department head approval and additional approval from the dean and/or vice president. Recruitment or retention bonuses that exceed 20% require department head approval and additional approvals from the dean or vice president making the request, and then from the Provost, Executive Vice President and Chief Operating Officer, or President (or their designee)



depending on senior management reporting lines. All approvals must be provided to the Division of Human Resources for documentation and processing.

Employees receiving any bonus payment must complete a memorandum of agreement. The memorandum of agreement is located on the Human Resources Forms website. Language specifying the amount of the incentive bonus for recruitment and other terms and conditions must be included in the 'Other Terms of This Appointment' section of the Terms of Faculty Offer (TOFO), or the Staff offer letter, as well as in the memorandum of agreement. For the incentive bonus for retention, the Form P3A, also located on the Human Resources Forms website, must be completed, and the terms and conditions shall be included in the memorandum of agreement.

The memorandum of agreement should also be sent to the HR representative, typically an HR director, manager, or generalist supporting the employee's senior management area within the Division of Human Resources. This must be on file, along with the approved TOFO/offer letter as appropriate, and all required approvals needed, in order to execute the payment. The department is responsible for the oversight of the memorandum of agreement according to this policy.

The recruitment or retention bonus may be paid in a single lump sum. The recruitment or retention bonus payment will be made to the employee through the payroll system. Therefore, the employee must be added to the payroll system before the recruitment or retention bonus payment can be processed. Payment will be issued within 30 days after the start date or the execution date of the memorandum of agreement, whichever is later, for a recruitment bonus, or the execution date of the memorandum of agreement for a retention bonus. Payments will not be made prior to the start of employment.

### **3.1 Responsibilities of the Employee**

Should the eligible employee leave the university and fail to remain employed with the department for a minimum of one year from the start or execution date, the employee will be required to repay the department a prorated portion of the bonus (gross amount), such that for each full month during which they remained employed by the department, the amount to be repaid shall be reduced depending on the number of months in their academic or calendar year appointment (1/12, 1/11, 1/10, or 1/9).

Repayment may be canceled in whole or in part if the employment is terminated by the department, for any reason, prior to completion of the required period of service, provided the appropriate dean or vice president concurs with such cancellation.

If an employee who receives a recruitment or retention bonus moves to a new position in a different department within the university prior to completion of the required period of service, the employee will not be obligated to fulfill the terms and conditions of the memorandum of agreement.

### **4.0 Definitions**

### **5.0 References**

Human Resources Forms

<https://forms.apps.hr.vt.edu/>



Virginia Department of Human Resource Management (DHRM) compensation policies

<https://www.dhrm.virginia.gov/hrpolicies>

Policy 4000, Recruitment and Selection of Staff, Wage, and Temporary Positions

<https://policies.vt.edu/assets/4000.pdf>

Policy 4325, Flexible Work Policy (Telework/Hybrid, Remote Work, and Alternate Work Schedule)

<https://policies.vt.edu/assets/4325.pdf>

Policy 4335, Employee Awards and Recognition Programs

<https://policies.vt.edu/assets/4335.pdf>

Policy 4800, Tuition Benefits Program for Salaried Employees

<https://policies.vt.edu/assets/4800.pdf>

## **6.0 Approval and Revisions**

Approved October 8, 2024 by Vice President for Human Resources, Bryan Garey.