

CALIFORNIA INSTITUTE OF TECHNOLOGY  
STAFF PERSONNEL MEMORANDA

SUBJECT <b>RECRUITMENT AND RETENTION BONUS PAY</b>	MEMO NO. <u>10-5</u>
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	DATE <u>1/1/99</u>
APPROVED <u>Paul C. Jennings</u> , ACTING VICE PRESIDENT FOR BUSINESS & FINANCE	

## Hire-On Bonus

### *PURPOSE*

The purpose of the Hire-on Bonus is to provide financial incentives to recruit highly qualified new hire candidates with critical skills.

### *ELIGIBILITY*

Highly qualified new hires in management and exempt positions possessing specialized training and experience may be eligible for hire-on bonuses. Transfer applicants are not eligible for hire-on bonuses.

### *QUALIFICATIONS*

The following criteria are considered on a case-by-case basis in determining whether a Hire-on Bonus should be paid, and if so, the amount.

- A continuous concentrated effort over a reasonable period of time to recruit highly qualified candidates has been unsuccessful.
- Labor market shortages and aggressive growth in compensation levels for this type of position.
- Declined job offers from qualified candidates.
- Unavailability of similarly qualified internal (Campus or JPL) employees.
- The vacancy impacts progress toward important Institute or JPL operational or project/program objectives.
- Reason to believe that the candidate will not accept the Institute's job offer without the bonus.

### ***AMOUNT DETERMINATION***

The Hire-on Bonus amount is determined on a case-by-case basis after review of the justification and approval by the division or department head and the Assistant Vice President for Human Resources or designee. The bonus amount is determined as a percentage of the employee's annual base rate at the time of hire and is subject to applicable taxes.

The bonus amount for a new hire will be funded from the hiring division's or department's operating budget. Bonus amounts typically range from 5% to 10% of annual base pay, but under no circumstances will the bonus amount exceed 20% of the employee's new hire annual base rate. The Hire-on Bonus is not considered to be part of the employee's base pay rate for any purpose.

### ***PROCEDURES***

Once a new hire candidate is selected, a formal justification and check request are made to Human Resources. The check request includes the name of the candidate, the hiring department or division, the account number to be charged, and justification based on the criteria cited above. The justification and check request are forwarded to Human Resources for processing and for reporting purposes.

Human Resources reviews the justification, coordinates with Payroll to ensure appropriate payout of the bonus, and informs the candidate and the hiring division or department.

The Hire-on agreement will be included in the candidate's offer letter. He/She will be expected to submit a signed agreement on the first day of work.

Hire-on Bonuses of \$10,000 or less will be paid as a one-time payment at the time of hire. Typically, bonuses of more than \$10,000 will be made in two payments: 50% at the time of hire and the remaining 50% after six months of continuous employment, or completion of probation, whichever occurs later.

The first payment, or entire payment if the Hire-on Bonus is less than \$10,000, is paid only after the employee accepts a written offer of employment, signs and returns the offer letter and Hire-on Bonus repayment agreement, and physically reports to work at Caltech.

If an employee voluntarily resigns from his or her job with Caltech, or Caltech terminates the employee for any reason other than layoff or reorganization as determined by Caltech, prior to six months of continuous service from the date of hire, the second payment of the bonus, if applicable, will not be issued and the employee will reimburse the Institute for the Hire-on Bonus previously received. If an employee receiving two lump sum payments voluntarily resigns from his or her job with Caltech, or Caltech terminates the employee for any reason other than layoff or reorganization as determined by Caltech, prior to twelve months of continuous service from the date of hire, the employee will reimburse the Institute for 50% of the total bonus. Should Caltech find it necessary to terminate the employee for reasons of layoff or reorganization, the employee will receive the second bonus payment, if applicable and will not be required to repay the Hire-on bonus.

Pursuant to the provisions outlined in the Hire-on Bonus agreement, signed by the employee on the first day of work, the employee will sign a reimbursement pay schedule agreement in advance of the exit interview and prior to termination.

## **Referral Award Program**

### ***PURPOSE***

The purpose of the Referral Award is to provide financial incentives to current employees to assist in recruiting highly qualified new hire candidates with critical skills.

### ***ELIGIBILITY***

Current full-time, benefit-based Institute employees are eligible to receive referral awards after the referred candidate accepts a written offer of employment, signs and returns the offer letter, and physically reports to work at Caltech. *Exempt employees of Human Resources are not eligible to receive referral awards.*

### ***QUALIFICATIONS***

The following criteria are considered on a case-by-case basis in determining whether a Referral Award should be paid for a particular position, and if so, the amount.

- Labor market shortages and aggressive growth in compensation levels for this type of position.
- Declined job offers from qualified candidates.
- Unavailability of similarly qualified internal (Campus or JPL) employees.
- The vacancy impacts progress toward important Institute operational or project/program objectives.

### ***AMOUNT DETERMINATION***

Positions eligible for Referral Awards are designated in the Institute's job postings with the word "RAP" in the job heading along with the amount to be awarded for a successful referral.

The amount of a referral bonus will range from \$500 to \$2,000, as determined jointly by the hiring division or department and Human Resources.

## ***PROCEDURES***

A Institute employee must pre-register a candidate name and include the job posting # that contains an "RAP" indicator, prior to the receipt of a resume or application by Human Resources. Human Resources will acknowledge receipt of the candidates' name via email. Once a new hire candidate is selected, an offer is extended and accepted, and the employee reports to work, Human Resources will pay the referral award to the recipient as follows: 50% of the referral award no later than three days after the new employee reports to work at the Institute, and the second 50% once the referral candidate successfully completes probation. The hiring division or department prepares the check requests for the initial and subsequent checks, if applicable. The check request(s) will include the name of the Caltech or JPL employee to receive the funds, the hiring division or department, and the account number to be charged. The check request is forwarded to Human Resources for processing and for reporting purposes.

No attempt will be made to recover a Referral Award from an Institute employee if the new employee terminates from Caltech employment.

## **Retention Allowance**

### ***PURPOSE***

The purpose of this Retention Allowance is to provide financial incentives to encourage uniquely qualified employees with critically needed skills to remain in the Institute's employment for a specified length of time.

### ***ELIGIBILITY***

Highly qualified managerial or exempt employees possessing unique and critical scientific, technical, administrative, and/or management expertise important to the successful completion of a significant operation, project, program, or milestone are eligible. Employees must have completed at least one year of employment at the Institute.

### ***QUALIFICATIONS***

The following criteria are considered on a case-by-case basis in determining whether a Retention Allowance should be paid, and if so, the amount.

- The employee's unique qualifications and the needs of the division or department that make it essential to retain the employee.
- The likelihood that the employee would resign from the Institute in the absence of a Retention Allowance.
- The remaining time period for which the employee's skills are critically needed.
- The potential effects of the employee's departure on the organization's ability to complete an important project or program.
- Review of other factors such as the success of recent efforts to recruit candidates with qualifications similar to the employee's and the availability of similarly qualified candidates at the Institute.

### ***AMOUNT DETERMINATION***

The Retention Allowance amount is determined after a thorough review of the justification and approval by the division or department head and the Assistant Vice President for Human Resources or designee. Allowance amounts are calculated as a percentage of the employee's annual base pay at the start of the agreed-upon retention period. The percentage is based on the length of time that the organization wants to retain the employee and the criticality of the employee's efforts and skills. All bonuses are subject to applicable taxes.

Percentage of Annual Base Pay		Length of Retention Period
Minimum	Maximum	Months
2%	5%	6 months
5%	10%	12 months
10%	15%	18 months
15%	20%	24 months

### ***PROCEDURES***

The division or department supervisor submits a request to Human Resources. The request includes the name of the recipient, the organization, the appropriate account number, and a justification based on the criteria above.

Human Resources reviews the justification, coordinates with Payroll to ensure appropriate payout of the allowance, informs the employee and notifies the division or department. At the beginning of the agreed-upon retention period, the employee signs an agreement that explains the retention allowance.

### ***Exceptions***

Any exception to this policy requires the approval of the Vice President for Business and Finance or designee.