

## Sign-On Bonus

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**Authority** When the Legislature appropriates funds to use for a sign-on bonus for a certain occupational group in a State agency, university or hospital (hereinafter referred to as agency), the provisions outlined below shall apply unless otherwise provided by statute.

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**Policy** A sign-on bonus is a lump sum payment that serves as a recruitment incentive to aid in the employment of individuals in critical positions that have labor market shortages which affect the business needs of the agency and which impair the delivery of essential services.

Labor market shortages are defined through significant vacancy rates, turnover rates, difficulty in recruitment and fluctuating market conditions. Agencies will track and provide data related to these factors for the specific occupation in the bonus program. Turnover and vacancy rates in an occupation that are 5% or higher as compared to agency-wide and statewide rates for all occupations are significant. Recruitment difficulty is defined by active recruitment of positions that required more than 6 months to obtain a qualified applicant pool. Fluctuating market conditions are identified as competitors begin to rapidly increase pay and offer new incentives such as bonuses.

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**Amount and Method of Payment** The amount of the bonus shall be determined based on labor market data and available funds.

An employee shall receive one-half of the bonus in the first paycheck and a second installment after successful completion of 36 consecutive months provided the employee retains eligibility as outlined in this Policy. Bonuses for part-time employees are pro-rated

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**Eligibility for Sign-on Bonus** A newly employed permanent full-time and permanent part-time employee who is employed to work at least 36 months is eligible for a sign-on bonus. An employee who works 30 to 40 hours per week is considered full-time for this purpose. An employee who works at least 20 hours but less than 30 hours per week is part-time.

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## Sign-On Bonus, Continued

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### Eligibility for the Initial Sign-on Bonus (continued)

An employee is not eligible for a bonus if:

- (1) the employee has worked in a State agency within the last twelve months (and the employee shall remain ineligible for twelve months from the separation date);
  - (2) the employee has previously received a sign-on bonus from any State agency, or
  - (3) the agency has paid any contract placement or recruitment fees.
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### Eligibility for the Final Sign-on Bonus Installment

An employee is eligible for the final sign-on bonus installment if the employee remains employed in the same agency and in the same occupational area for 36 consecutive months.

An employee is not eligible for the final sign-on bonus installment if:

- (1) the employee's performance rating at any time is not at or above "good" or "meets" or the employee has documented disciplinary actions for misconduct or performance;
  - (2) the employee subsequently transfers to another agency before the completion of 36 consecutive months; or
  - (3) the employee with less than 24 months of consecutive service changes from a permanent full-time or permanent part-time 30-40 hour appointment to a permanent part-time 20-30 hour appointment.
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### Repayment of Sign-on Bonus

An employee who terminates employment with the agency, either voluntarily or involuntarily, before the completion of 36 months of consecutive service shall repay a prorated amount of the sign-on bonus based on months of service completed.

The repayment shall be based on the following formula:

- (1)  $\$ \text{ of Initial Sign-on Bonus Received} / 36 \text{ Months} = \text{prorated Monthly Amount}$
- (2)  $\text{Prorated Monthly amount} \times (36 \text{ Months} - \text{Months Worked}) = \text{Amount due}$

The amount due shall be deducted in full from the employee's final paycheck. If the amount deducted exceeds the final paycheck, the remaining balance shall be paid in full to the agency within 60 days from the last date of employment.

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## Sign-On Bonus, Continued

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**Credit for  
Consecutive  
Service**

One month of credit toward the 36 months is granted for each month that the employee is in pay status for one-half or more of the schedule workdays and holidays in the pay period.

Time on military leave or workers' compensation leave applies to consecutive service with the final installment being paid when the employee returns to work.

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**Agency  
Responsibilities**

Agencies shall:

- (1) Develop and submit a plan for administering the bonus to the Office of State Personnel that includes the following:
    - Regional market data that identifies the practices of competitors for bonus programs and defines the agency's practice.
    - Guidelines for administration of the bonus program within the agency that defines eligibility, method of payment, and criteria for repayment.
  - (2) Submit to the Office of State Personnel the base line data related to vacancy rates, turnover, recruitment issues, and market conditions for the occupation no later than 30 days from the approval of the agency plan.
  - (3) Submit yearly reports to the Office of State Personnel that detail the vacancy rates, turnover, recruitment issues, and market conditions for the occupation.
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**Office of State  
Personnel  
Responsibilities**

The Office of State Personnel shall:

- (1) Review and approve/disapprove agency plans;
  - (2) Monitor and audit agency adherence to their plan and State Personnel Commission requirements; and
  - (3) Analyze yearly data from the agency related to vacancy, turnover, recruitment and market to report the impact of the bonus program in the annual Compensation and Benefits Report to the NC General Assembly.
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