

# Incentive Compensation and Rewards Policy

CITATION REFERENCE

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OFFICIAL TITLE	INCENTIVE COMPENSATION AND REWARDS POLICY
VOLUME	HUMAN RESOURCES

## Definitions

HUMAN RESOURCES ADMINISTRATIVE MANUAL  
CLASSIFICATION, COMPENSATION, AND PAYROLL INCENTIVE COMPENSATION AND REWARDS POLICY

- x Type of Program
- x Eligible Employees. An institution may choose to include hourly, seasonal, temporary, and parttime employees from specific incentive compensation and reward programs at its discretion.
- x Program guidelines to include nomination, award, and restrictions
- x Internal approval authorities
- x Funding sources (department/institution)
- x Type of award (monetary or non-monetary)
- x Treatment of incentive payments
  - o Taxes.
    - o Incentive payments are included and taxed as salary in the pay period issued.
    - o Rewards may be taxable and, therefore, must be processed through institutional payroll. (BPM 5.3.2)
  - o Overtime Calculations. Non

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- o Eligible jobs and/or positions that are eligible to participate
- o

Hiring Incentive Payment:

- o A hiring incentive payment is a one-time payment for the hire of a prospective employee with critical skills and qualifications.
- o Hiring incentive payments may only be used for jobs and/or positions listed in the institution's plan.

Critical Skills Retention Incentive (CSRI) institution that is experiencing difficulties in hiring or retaining employees with job related industry specific credentials (i.e., degree and/or certifications) may establish a retention incentive program for learning new critically needed employment skills. This type of program encourages and rewards current employees who become certified or credentialed in highly desired job related skills and enhance the capabilities of the institution.

- x For an institution to utilize critical skills retention incentives, the institution must establish a plan to include the following components prior to implementation:
  - o (1) The pre



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- o Commemorative recognition (plaques/certificates)
- o





etc.). These suggestions may be eligible for a maximum cash award of \$100.

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- x Plan components must include the following:
  - o Eligible Employees
  - o Program guidelines and procedures
  - o Internal approval authority
  - o Type of reward. May include certificates of merit, pins, buttons and rewards. Extraordinary Service awards are discretionary, ~~cash~~ awards
  - o Funding sources (department/institution)
  - o Timing of reward. Rewards should be made within the fiscal year of achievement

Employee Service Recognition Programs Institutions may develop programs to recognize employees for length of service and meritorious performance. Appropriate awards denoting various lengths of service are determined by the institution.

- x Funding. State funds may not be used for the purchase of awards unless the total dollar value of the award is of a de minimis nature; which is \$75 or less (as defined in BPM 5.3.17.1.2). If the total dollar value of the award is greater than \$75, then each institution must obtain its own outside source of funds for such a program.

## Process and Procedures

USG employees are public servants and expected to devote their full effort to furthering the mission of the institution. Base pay plans should be designed to appropriately compensate employees for their service in a fair and equitable manner while also providing the ability to award merit-based adjustments consistent with employee performance. As such, incentive compensation and rewards should be used sparingly and only when clearly in the best interest of the institution. Institutions should ensure that the use of an incentive compensation and rewards plan does not create a culture of expecting that simply performing one's duties well or contributing to the institution's improvement entitles the employee to an incentive. High-performance employees normally should be recognized through ~~based~~ salary adjustments, learning opportunities, and career advancement opportunities.

Each institution shall establish procedures to implement and comply with this policy

Awards may be taxable and, therefore, must be processed through institutional payroll.

Institution programs must receive internal HR and budget certification.

### Responsible Parties and Contact Information

Party	Responsibility	Phone/Email/URL
Vice Chancellor for Human Resources		