

Retention Lump Sum Program Guidelines for Policy-Covered Staff

Issued: March 1, 2023

Overview: The Retention Lump Sum Program at UC Santa Barbara is based on the need to provide additional means to campus departments to reduce attrition and retain critical staff. The essence of the program is to provide parameters by which department heads may seek approval to pay a retention lump sum to eligible policy-covered career staff to minimize staff vacancies and ensure business continuity when circumstances warrant. In exchange for the retention lump sum payment, the employee agrees to remain in their current position for a minimum of 12 months. A department's ability to seek approval for a retention lump sum payment is contingent on the availability of funds from existing departmental resources.

The receipt of a Retention Lump Sum payment does not give any additional rights to a continued employment relationship, outside of current University policies. Retention payments are offered at the sole discretion of the University and the program may be discontinued at any time.

The Retention Lump Sum Program Guidelines will be reviewed on an annual basis by Human Resources for necessary updates and utilization reporting to the campus control points.

Eligibility

Policy-covered (non-represented) career staff are eligible to receive a retention lump sum payment if they meet all of the following criteria.

- Hold a policy-covered (non-represented) career PSS or MSP appointment
- Successfully completed their probationary period (applies to career PSS appointments)
- Received a performance rating of "Successful" or better in the most recent performance cycle and no documented disciplinary action for performance or misconduct
- Has not previously received a retention lump sum payment within the past 24 months (based on the date of the receipt of a single lump sum or first installment of a lump sum payment).

Justification Reasons

Department heads may seek approval, through their applicable divisional procedures, to pay a retention lump sum to an eligible policy-covered staff member for one or more reasons listed below. Campus divisional leadership may choose to prioritize one or more justification reasons over others, based on the needs and challenges faced by their divisional departments.

- To retain an eligible staff member upon notification that they have received a competing job offer
- To retain an eligible staff member who is considering employment elsewhere due to market pay conditions where they can earn significantly higher compensation for similar work in other organizations
- To retain an eligible staff member in a difficult to fill position who is considering employment elsewhere
- To retain an eligible staff member when there is a critical need of the employee to remain in their position for the accomplishment of the department's programs during the next 12 months
- To retain an eligible staff member when there is a critical need for the unusually high or unique qualifications of the employee, or a special need for the employee's services during the next 12 months

- To retain an eligible staff member when they are assigned to a critical project that requires the special skills of a combined team for successful completion during the next 12 months. In these cases, the department head must demonstrate that the project is critical to the accomplishment of the division and/or campus goals, outline the contributions of the individual employee within the combined team, as well as the anticipated difficulty in replacing that skill set should the employee obtain employment elsewhere.

Maximum Dollar Limit

The maximum amount of a retention lump sum is generally recommended to be 10% of the employee's base salary, however, with appropriate control point review and approvals, amounts up to 20% of the employee's base salary may be requested for exceptional cases.

Note: In accordance with the University of California Office of the President guidance, under this program, the proposed employee total cash compensation offer (annual base salary + retention lump sum payment) must be below the Indexed Compensation Level (ICL) of \$369,200 (as of 9/1/2022).

Payment Provisions

A retention lump sum payment is funded by departmental resources unless other arrangements have been approved by the divisional control point. The payment provisions for a retention lump sum include the following requirements.

- Department head must have received appropriate approvals to proceed with the payment of the retention lump sum. (Refer to Approval Process section.)
- Employee must be on pay status at the time the payment(s) is processed to receive the retention lump sum.
- Employee agrees to remain in their position within the same department for at least 12 months. (The 12-month service period is specified in the Employee Retention Agreement form. The Start Date may be based on the date submitted for control point approval, the date the request is approved, or the date of the first payment.)
- The retention lump sum can be paid out in a single lump sum at the inception of the 12-month service period. Payment can also be split into installments across the span of 12 months, such as:
 - Paid in two approximately equal installments; first payment at inception, 2nd payment at 6 months
 - Paid in four approximately equal installments; first payment at inception, 2nd, 3rd and 4th payment at 3-month intervals.
 - Paid in 12 approximately equal installments over a 12-month period for monthly paid employees or 26 approximately equal installments for biweekly paid employees.
- Employee agrees that the conditions/events described under the Repayment Provisions section of these Guidelines will obligate the University to recover a prorated amount for any portion of the retention lump sum paid in advance if the employee fails to complete the agreed upon 12-month service period.
- Employee is responsible for agreeing to and signing the Employee Retention Agreement Form.
- Retention lump sum payments are non-base building and are not considered to be compensation for University benefit purposes, including but not limited to the University of California Retirement Plan and employee life insurance programs. The retention lump sum payment is taxable and all applicable payroll taxes will be withheld through the University's payroll system.

Repayment Provisions

In exchange for the retention lump sum payment, the employee agrees to remain in their current position in the same department for a minimum of 12 months. (The 12-month service period is specified in the Employee Retention Agreement Form.) If the employee voluntarily moves out of their position during the 12-month service period, the employee will be

required to repay a prorated amount for any portion of the retention lump sum payment paid in advance. For example: if the employee departs four months after receiving a single lump sum payment, the employee would have to repay 66% of the lump sum payment (8 remaining months / 12-month service period = 66% that must be repaid).

At the discretion of the department head, the Employee Retention Agreement may allow the employee to retain the lump sum payment upon voluntary promotion or lateral transfer within the same department. If not expressly permitted within the Employee Retention Agreement Form, the employee will be required to repay a prorated amount for any portion of the retention lump sum paid in advance if they voluntarily leave their position before the completion of the 12-month service period.

In addition, the following items are also applicable when an employee voluntarily leaves their position prior to completing the agreed upon 12-month service period.

- In cases where the retention lump sum is paid in installment payments over the span of 12 months (or 26 biweekly pay periods), all future installments will be forfeited.
- The department will calculate the prorated portion for repayment and notify Business & Financial Services (BFS) to begin the overpayment recovery process by submitting an overpayment ticket to BFS ServiceNow. [Click on link to access: [BFS ServiceNow](#)]
- The employee is responsible for repayment of the prorated amount and will cooperate with the UCPath Center's instructions for repayment.

Approval Process

For the Division of Academic Affairs, the Retention Lump Sum Request Form should be routed to the Executive Vice Chancellor's office for control point approval, through the appropriate Divisional Dean/Associate Vice Chancellor.

For other divisions, Directors/Department Heads should route the Retention Lump Sum Request Form to their Vice Chancellor's office for control point approval, through the appropriate Associate/Assistant Vice Chancellor or designee.

All retention lump sum payment requests are subject to budgetary approval by the control point's chief financial officer. The department is responsible for understanding and abiding by their division's approval processes.

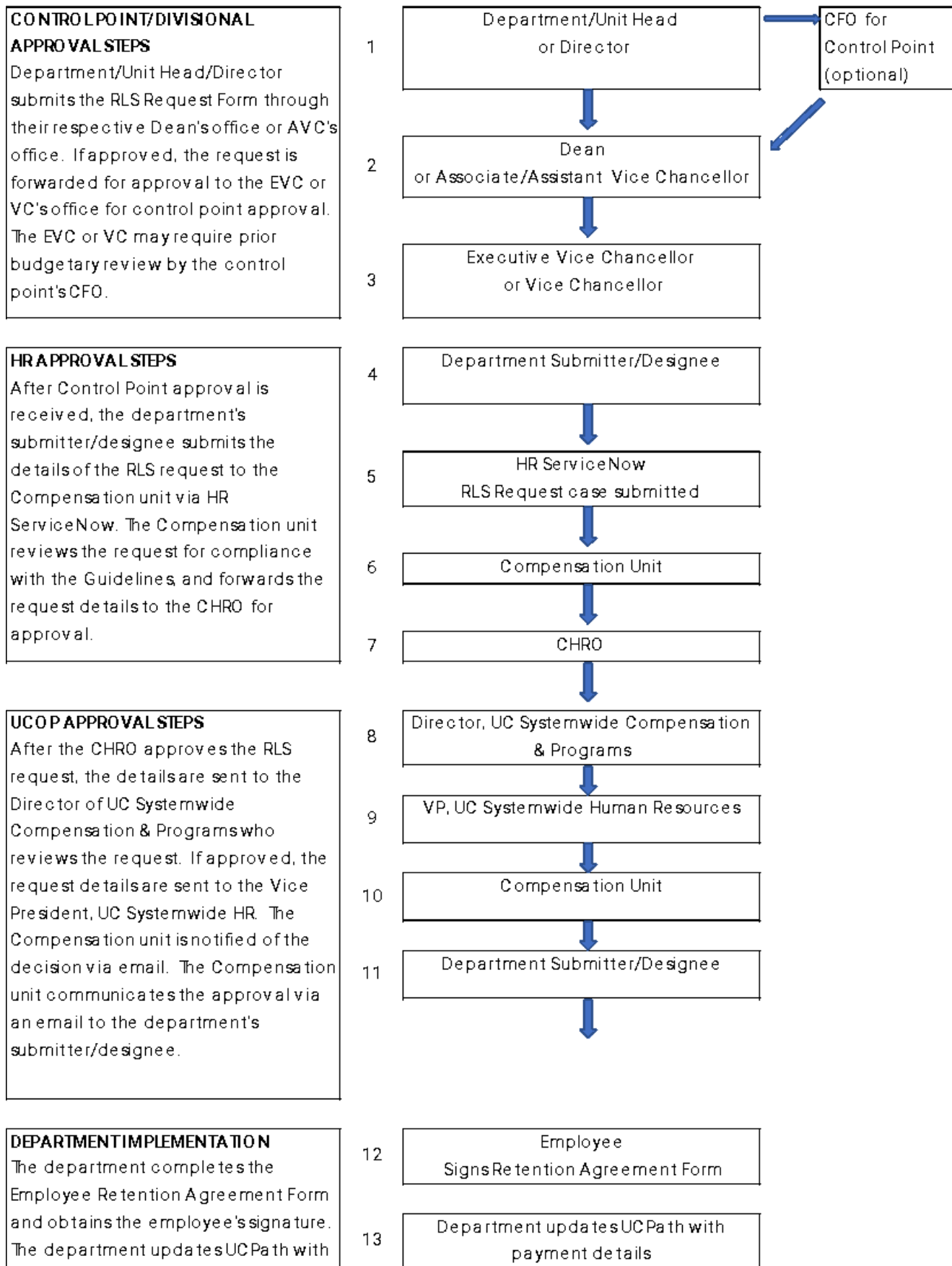
1. Once appropriate approvals are obtained from the control point, the department submits a formal request for the retention lump sum payment to Human Resources by submitting a HR ServiceNow ticket to the Compensation unit. [Click on link to access: [HR ServiceNow](#)]
2. The Compensation unit will confirm that the request complies with campus guidelines.
3. The Compensation unit will forward the details of the request to the campus Chief Human Resources Officer (CHRO) for approval.
4. If the CHRO approves, the request is submitted to the Director of UC Systemwide Compensation & Programs who reviews the request. If approved, the Director of UC Systemwide Compensation & Programs forwards the request details to the Vice President, UC Systemwide Human Resources. If the Vice President, UC Systemwide Human Resources approves, the Compensation unit is notified of the decision via email.
5. The Compensation unit communicates the approval via a ServiceNow generated email to the department's submitter.
6. The department completes the Employee Retention Agreement Form and obtains the required signatures.
7. After the form is completed with all required signatures, the department can update UCPath with the payment details. The original signed Employee Retention Agreement Form should be retained in the employee's personnel folder.

Retention Lump Sum (RLS) Program

Process Overview Summary

Steps

Roles



Frequently Asked Questions (FAQs)

Last Update: 9/1/2023

The information contained in these FAQs may change over time and result in updates to this section.

1. If an employee's departure will impact the department's operations and/or services, is that sufficient reason for a department head to seek approval to pay a retention lump sum?

No single factor determines whether the circumstances warrant a department head to seek approval to pay a retention lump sum. The facts and circumstances of each situation will be unique. Some of the factors that should be considered include, but are not limited to, the following:

- the ability of other department staff to assume temporary duties created by the potential vacancy while a recruitment takes place;
- the availability of other department staff to promote into or laterally transfer into the potential vacancy;
- the historic difficulties in filling that type of position in a timely manner; and
- the criticality of the individual's skills/knowledge or a special need for that individual's services during the next 12 months for the accomplishment of the department's programs/services.

While these factors address the needs of the department, managers should also consider the needs of the individual who may be seeking other job opportunities. They may be ready for a promotional move or an expanded role that is not supported by the department's organizational structure or services. Career progress may be an important driver for the employee and should be taken into consideration before attempting to dissuade them from pursuing other employment opportunities.

2. Who may submit a request for a retention lump sum payment?

While it is typically the immediate supervisor (of the employee) who will initiate the inquiry about the feasibility of providing a retention lump sum, the formal written request for a retention lump sum is submitted by the department head/director via the Retention Lump Sum Request Form. In the Division of Academic Affairs, the request is routed through the appropriate divisional dean to the Executive Vice Chancellor's office. For all other divisions, the department head/director should route the request through the appropriate Associate/Assistant Vice Chancellor or designee to the Vice Chancellor's office.

3. Are represented positions eligible for a retention lump sum payment?

Represented positions are not eligible.

4. Is the retention lump sum payment paid from department resources?

A department's ability to seek approval for a retention lump sum payment is contingent on the availability of funds from existing departmental resources. Retention lump sum payment requests may also be subject to budgetary approval by the control point's chief financial officer as part of the division's approval process.

5. Is a competing job offer required in order to submit a request for a retention lump sum payment for an employee?

A competing job offer is one of six types of justifications outlined in the Guidelines that may be submitted in order to attempt to retain an eligible employee through a retention lump sum payment. Control points may choose to

prioritize one or more justifications over others, based on the needs and challenges faced by their divisional departments.

6. Do the Guidelines permit an eligible employee to receive more than one retention lump sum during their career at UC Santa Barbara?

While the Guidelines do not limit the possibility of receiving more than one retention lump sum payment during an employee's career at UC Santa Barbara, an employee may not receive a retention lump sum payment within 24 months of the date of the receipt of the previous lump sum or the first installment of a lump sum. The Retention Lump Sum Program is a short-term remedy to attempt to reduce vacancies that can threaten business continuity in a department and it is expected that it would be a rare occurrence where circumstances would warrant an employee receiving more than one retention lump sum during their employment with UC Santa Barbara.

7. Is it possible for a retention lump sum to be provided in conjunction with an equity increase?

Yes, there could be situations where both a retention lump sum and a base building equity increase are justified. The requesting department should alert the Compensation unit if it is planning to seek approval for both types of actions to respond to a critical retention case.

8. Is there a minimum period of employment required before an eligible employee can be considered for a retention lump sum payment?

Policy-covered (non-represented) career staff must have successfully completed their probationary period (applies to career PSS appointments) in order to be eligible. Policy-covered career MSP appointments are not subject to a probationary period. However, control points have the flexibility to impose a waiting period within their division before an otherwise eligible employee could receive a retention lump sum. Control points may choose to prioritize requests based on an employee's years of service to address the unique challenges faced by their divisional departments.

9. What is the maximum dollar amount allowable for a retention lump sum payment?

The maximum amount of a retention lump sum should be limited to 10% of the employee's base salary; however, with appropriate control point review and approvals, amounts up to 20% of the employee's base salary may be requested for exceptional cases. Exceptional cases are expected to be unique and to present an unusual set of facts and circumstances that can only be assessed on a case-by-case basis. Any request exceeding 10% of the employee's base salary must include a separate justification of the rationale for the exceptional request, included in the Retention Lump Sum Request Form. This additional justification is required by the UC Office of the President and will be reviewed as part of the approval process. (See question 17 for more information about the approval process.)

10. Are there restrictions when establishing the Start Date for the 12-month service period?

The 12-month service period is a key aspect of the Retention Lump Sum Program. In exchange for the retention lump sum payment, the employee agrees to remain in their position within the same department for 12 months. There is some flexibility in establishing the start date of the service period. It can be tied to the date the request was submitted for control point approval, the date the request was approved, or the date of the first payment. The start date cannot be earlier than the date the request was submitted for control point approval.

11. Is the 12-month service period extended when an employee begins an approved leave during that period?

In most cases, the 12-month service period would not be extended. Leaves of absence are generally not foreseeable and the manner in which an approved leave is taken may fluctuate over time. Due to the variability of approved leaves, certain scenarios may require a more thorough analysis of the facts and circumstances before a determination is made. If in doubt, please contact the Leave of Absence Coordinator or Employee & Labor Relations for assistance.

12. Are there options to pay out the retention lump sum?

The Guidelines offer four types of pay out options. Payment can be split into installments across the span of 12 months, or paid in a single lump sum. The retention lump sum payment is taxable and all applicable payroll taxes will be withheld. Whether paid in installments or a single lump sum, the retention lump sum payments are added to the employee's payroll check. Separate checks for the retention lump sum will not be issued.

13. Can the retention lump sum be delayed to pay out at the completion of the 12-month service period?

Yes, the retention lump sum can be paid out as a single payment upon the completion of the 12-month service period. To indicate this payout schedule on the Retention Lump Sum Request Form, select the "Other" box in the section titled Proposed Payment Schedule for Lump Sum Payment, and provide the details of the payment schedule. Delaying the payment until after the completion of the 12-month service periods eliminates the risk of a repayment event occurring due to an early departure.

14. Is the retention lump sum payment included in the UC Retirement Plan calculation for HAPC (highest average plan compensation)?

No. Retention lump sum payments are non-base building and are NOT considered compensation for University benefit purposes, including but not limited to the University of California Retirement Plan and employee life insurance programs.

15. When is the employee required to sign the Employee Retention Agreement Form?

After the department has been notified by the Compensation unit that the retention lump sum request has received all required approvals, the Employee Retention Agreement Form should be presented to the employee for their signature.

16. When the retention lump sum payment is processed, is it received by the employee in a separate check?

Whether paid in installments or a single lump sum, the retention lump sum payment(s) are added to the employee's payroll check. Separate checks for the retention lump sum will not be issued.

17. What approvals are required for a retention lump sum payment?

Under PPSM 30 – Compensation, this type of compensation action requires the approval of the Vice President – UC Systemwide Human Resources, in addition to the control point approval and the Human Resources approval described in the Guidelines. As a result, the final approval rests with the UC Office of the President. However, there is a process in place so that requests are reviewed quickly and decisions are communicated via email. The full approval process is described in the Guidelines.

18. What is the expected turnaround time for a request to be approved?

For the most part, it is expected that once the request has received the appropriate control point approvals and the request is submitted to the Compensation unit via HR ServiceNow, the Human Resources office will send the request to the Office of the President within 48 hours of receipt (excluding weekends and holidays). Additionally,

the Office of the President has indicated that most requests are reviewed and will receive a decision within 24 to 48 hours.

19. How will the department be notified once the request is approved?

The same department designee who submitted the request to the Compensation unit via HR ServiceNow will be notified via email of the approval of the retention lump sum payment by the Compensation unit.

20. Who is responsible for updating UCPATH with the payment details once the retention lump payment is approved?

The retention lump sum payment details are updated in UCPATH by the department's UCPATH WFA Initiator. Instructions for entering the payment in UCPATH are included in the approval email.

21. When repayment by the employee must occur, how will it be collected from the employee?

When a repayment event occurs, the department must immediately notify Business and Financial Services (BFS) by submitting an overpayment ticket to BFS ServiceNow. BFS will coordinate closely with the department to initiate the overpayment recovery process with the UCPATH Center. The UCPATH Center will issue a letter to the employee with repayment instructions and handle the collection of the amount owed.

22. Is the repayment and collection process handled differently if the employee changes jobs on campus versus separating from the university for an external job?

The collection process is handled in the same manner whether the employee remains a UC employee or has left the university for an external job. However, if the employee is departing for an external job, it is important that the department submit the overpayment ticket to BFS ServiceNow as soon as possible, prior to the employee departing.

23. When an employee leaves their position prior to the completion of the 12-month service period, must they repay the full amount of the retention lump sum monies they have received to date?

No, the amount to be repaid will be prorated based on the portion of the lump sum paid in advance and the number of months remaining in the 12-month service period. If the employee received a single lump sum payment at the inception of the 12-month service period, the employee would be responsible for repaying the portion of the lump sum for which the employee did not fulfill the 12-month service period. If the employee received a retention lump sum in 12 monthly installments (or 26 biweekly installments for biweekly paid employees), it is less likely that a portion of the lump sum was provided in advance, and as such, there may be no repayment triggered since the payment was spread out in installments.

Example 1: A monthly paid employee was approved for a \$6,000 single lump sum retention payment at the inception of the 12-month service period, but departs on June 30, 2023 after completing only four months of their 12-month service period. The 12-month service period started on March 1, 2023. The \$6,000 lump sum was paid in a single payment on the March 30th, 2023 monthly paycheck.

Step 1. Identify what portion of the 12-month service period was not completed: Eight months were not completed. (July 2023 to February 2024)

Step 2. Identify what portion of the retention lump sum was paid in advance: The employee received 100% of the \$6,000 paid in advance.

Step 3. Calculate the amount to be repaid by the employee: The proration is calculated as follows: (8 remaining months / 12-month service period = .6667. $\$6,000 \times .6667 = \$4,000$. As a result, **\$4,000** of the

\$6,000 lump sum is now considered an **overpayment** to the employee because they did not complete the remaining 8 months in the agreed upon 12-month service period.

In the case of a biweekly paid employee, the steps and the calculation would remain the same.

Example 2: A monthly paid employee was approved for a \$6,000 retention lump sum payment that will be paid in two equal installments of \$3,000. The employee departs on June 30, 2023 after completing only four months of their 12-month service period. The 12-month service period started on March 1, 2023. The first \$3,000 installment was paid on the March 30th, 2023 monthly paycheck. The second installment was scheduled to be paid on the September 1, 2023 monthly paycheck.

Step 1. Identify what portion of the 12-month service period was not completed: Eight months were not completed. (July 2023 to February 2024)

Step 2. Identify what portion of the retention lump sum was paid in advance: The employee received \$3,000 (50%) of the \$6,000 approved amount paid in advance.

Step 3. Calculate the amount to be repaid by the employee: The proration is calculated as follows: (8 remaining months / 12-month service period = .6667. $\$3,000 \times .6667 = \$2,000$. As a result, **\$2,000** of the \$3,000 first installment is now considered an **overpayment** to the employee because they did not complete the remaining 8 months in the agreed upon 12-month service period. The future installment is forfeited by the employee.

In the case of a biweekly paid employee, the steps and the calculation would remain the same.

Example 3: A monthly paid employee was approved for a \$6,000 lump sum payment that will be paid in twelve equal monthly installments of \$500 each. The employee departs on June 30, 2023 after completing only four months of their 12-month service period. The 12-month service period started on March 1, 2023. The first \$500 installment was paid on the March 30th, 2023 monthly paycheck.

Step 1. Identify what portion of the 12-month service period was not completed: Eight months were not completed. (July 2023 to February 2024)

Step 2. Identify what portion of the retention lump sum was paid in advance: In this case, the first \$500 monthly installment was paid on the March 30th paycheck. This coincides with the completion of the first month of the 12-month service period. Since the retention lump sum was split into 12 equal installments and only 1/12 of the lump sum was paid each month, it is NOT considered paid in advance.

Step 3. Calculate the amount to be repaid by the employee: No repayment is triggered in this scenario because the monthly installments were paid **after** the completion of each month of service. The future installments are forfeited by the employee.

Example 4: A biweekly paid employee was approved for a \$6,000 lump sum payment that will be paid in 26 biweekly installments of ~\$230.76 each. The employee departs on June 30, 2023 after completing only four months of their 12-month service period. The 12-month service period started on March 1, 2023. The first \$230.76 installment was paid on the March 29th, 2023 biweekly paycheck.

Step 1. Identify what portion of the 12-month service period was not completed: Eight months were not completed. (July 2023 to February 2024)

Step 2. Identify what portion of the retention lump sum was paid in advance: In this case, the first \$230.76 biweekly installment was paid on the March 29th paycheck. The payment was received after the completion of the first biweekly pay period of the 12-month service period. Since the retention lump sum was split into 26 equal installments and only 1/26 of the lump sum was paid each pay period, it is NOT considered paid in advance.

Step 3. Calculate the amount to be repaid by the employee: No repayment is triggered in this scenario because the biweekly installments were paid **after** the completion of each biweekly pay period. The future installments are forfeited by the employee.

Example 5: A monthly paid employee was approved for a \$6,000 lump sum payment that will be paid in two installments of \$3,000 each, with the first installment scheduled to be paid **after** the completion of the first six months of the 12-month service period. The employee departs on September 30, 2023 after completing seven months of their 12-month service period. The 12-month service period started on March 1, 2023. The first \$3,000 installment was paid on the September 1st, 2023 monthly paycheck. The second installment was scheduled to be paid on the March 1st, 2024 monthly paycheck.

Step 1. Identify what portion of the 12-month service period was not completed: Five months were not completed. (October 2023 to February 2024)

Step 2. Identify what portion of the retention lump sum was paid in advance: In this case, the first \$3,000 installment was not paid until the September 1st paycheck, **after** the completion of the first six months of the 12-month service period. Since the retention lump sum was split into two installments equal to 6/12 of the \$6,000 lump sum ($\$6,000 / 12 \text{ months} = \500 , and $\$500 \times 6 \text{ months} = \$3,000$), the first \$3,000 installment is NOT considered paid in advance.

Step 3. Calculate the amount to be repaid by the employee: No repayment is triggered in this scenario because the first installment of \$3,000 was paid **after** the completion of the first six months of the 12-month service period. The future installment is forfeited by the employee.

In the case of a biweekly paid employee, the steps and the calculation would remain the same, but the payment date of the first installment would need to be scheduled for the September 13th biweekly paycheck to reflect 13 biweekly pay periods.

24. When repayment of the retention lump sum is required, will the department be reimbursed the gross amount due, based on the proration formula described in the Guidelines?

The amount that will be collected from the employee by the UCPath Center will be net of most tax withholdings, if collected in the same calendar year. When a repayment occurs in the following calendar year, the amount collected and owed are subject to more complex rules. As a result, the money collected and returned to the department would be less than the calculated overpayment.

Forms and Supplemental Resources

- Employee Retention Agreement Form (for campuswide use)
- Retention Lump Sum Request Form (issued by Control Points)
- UCPATH Job Aid for Additional Pay transactions - see UCOP Sharepoint for access to UCPATH Help Resources (https://sp.ucop.edu/sites/ucpathhelp/LocationUsers/LOCplayer/data/printit/2834bc0b-4428-4287-91ee-8fc0caf99c5b_SPD.pdf)