

Local Bonus Guidelines for FAS Managers

Rewarding and Recognizing Your Staff



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I. Overview

The purpose this document is to provide guidance and consistency for local level bonuses for **non-union** employees. Local level bonus budgets are to be set each year in accordance with the *Budget Guidance* provided by FAS Finance and bonuses should be awarded based on these guidelines. Local level bonus budgets provide flexibility to local managers throughout the fiscal year for recognizing non-union employees.

Managers are encouraged to also consider non-monetary recognition, such as the annual Dean's Distinction and Harvard Heroes recognition programs, when considering recognition options for strong-performing FAS staff.

II. Keep in Mind

a. Eligibility for local level bonuses:

- Eligible: All regular, **non-union** FAS staff considered to be in good standing are eligible for department-level recognition.
- NOT eligible:
 - HUCTW staff (bonus payments to HUCTW employees are not part of their contractual agreement with the University)
 - Temporary employees
 - LHT employees

b. **Funding:** Department-level recognition is funded by the local bonus budget within individual FAS departments and units.

c. **Approvals:** Managers should request approval from their administrative dean *prior* to awarding local bonus awards, with the exception of spot awards (which can be given at the managers' discretion with confirmation from the department's financial manager and/or department administrator).



III. Options for Local Bonuses

When a manager would like to acknowledge a staff member with a local level bonus, several recognition options are available, as described below.

When recognizing a staff member, please consider factors such as the contribution that merits recognition, job level, and work completed by other staff members in the department or center. Your HR consultant can provide guidance to you.

<i>Bonus Type</i>	<i>Funding Source</i>	<i>How</i>																
<p>a. Spot Award</p> <p>Special contributions “above and beyond” regular job responsibilities</p>	Local bonus budget	<p>Bonus</p> <ul style="list-style-type: none"> \$25 - \$100 dollars for staff in salary grades 55 to 57 \$100 - \$250 dollars for staff in salary grades 58 and above <p>Gift of tangible property (book, food, Outings and Innings events) less than \$100</p>																
<p>b. Project Completion Award (Individual or Team)</p> <p>Significant contribution to the successful completion of a major, long-term project (usually three months or longer)</p>	Local bonus budget	<p>Bonus amounts should reflect the employee’s role on the project as well as the type, duration, and impact of the project.</p> <table> <thead> <tr> <th>Grade</th> <th>Recommended Bonus Ranges</th> </tr> </thead> <tbody> <tr> <td>55</td> <td>\$800 - \$2,250</td> </tr> <tr> <td>56</td> <td>\$900 - \$2,500</td> </tr> <tr> <td>57</td> <td>\$1,000 - \$2,750</td> </tr> <tr> <td>58</td> <td>\$1,100 - \$3,000</td> </tr> <tr> <td>59</td> <td>\$1,200 - \$3,250</td> </tr> <tr> <td>60</td> <td>\$1,300 - \$3,500</td> </tr> <tr> <td>61</td> <td>\$1,400 - \$3,750</td> </tr> </tbody> </table>	Grade	Recommended Bonus Ranges	55	\$800 - \$2,250	56	\$900 - \$2,500	57	\$1,000 - \$2,750	58	\$1,100 - \$3,000	59	\$1,200 - \$3,250	60	\$1,300 - \$3,500	61	\$1,400 - \$3,750
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<p>c. Interim Coverage Payment</p> <p>Used to compensate EXEMPT staff who are doing significant additional work which is performed over a sustained period of time (usually three months or longer)</p>	Departmental vacancy savings	<p>Payment amounts should reflect the type and duration of the interim coverage provided</p> <table> <thead> <tr> <th>Grade</th> <th>Recommended Payment Ranges</th> </tr> </thead> <tbody> <tr> <td>55</td> <td>\$800 - \$2,250</td> </tr> <tr> <td>56</td> <td>\$900 - \$2,500</td> </tr> <tr> <td>57</td> <td>\$1,000 - \$2,750</td> </tr> <tr> <td>58</td> <td>\$1,100 - \$3,000</td> </tr> <tr> <td>59</td> <td>\$1,200 - \$3,250</td> </tr> <tr> <td>60</td> <td>\$1,300 - \$3,500</td> </tr> <tr> <td>61</td> <td>\$1,400 - \$3,750</td> </tr> </tbody> </table>	Grade	Recommended Payment Ranges	55	\$800 - \$2,250	56	\$900 - \$2,500	57	\$1,000 - \$2,750	58	\$1,100 - \$3,000	59	\$1,200 - \$3,250	60	\$1,300 - \$3,500	61	\$1,400 - \$3,750
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- a. **Spot Award:** This is a simple way to recognize staff for making a special contribution “above and beyond” their regular job responsibilities. Spot awards can be given at the manager’s discretion with confirmation from the department’s financial manager and/or department administrator.
- **Bonus**
 - o Amounts range from:
 - \$25 - \$100 for staff in salary grades 55 to 57
 - \$100 - \$250 for staff in salary grades 58 and above
 - o **Use earnings code: BUN (Bonus Unexpected/Spot)**
 - o Spot awards are paid from the local bonus budget.
 - o Costing for spot bonuses is typically the employee’s standard costing
 - **Grossing up spot bonuses which adjusts the total payment to include taxes**
 - o Because of the considerable additional expense, departments should not gross up bonuses that are larger than \$250. For spot bonuses, which are typically small dollar amounts, departments may choose to gross up the bonuses.
 - o When a bonus *is not* grossed up (preferred approach):
 - The net amount received in the employee’s paycheck is less than the bonus amount requested, because the taxes associated with that bonus have been withheld in the employee’s paycheck.
 - o When a bonus *is* grossed up:

The net amount received in the employee’s paycheck is equal to the requested dollar amount. For example, a \$100 spot bonus that is grossed up costs the department \$161 plus the associated fringe on the \$161 (an additional 8%). The employee receiving the spot bonus would see a \$100 increase in their take-home pay, but it will cost the department \$173 for grossing up that \$100 bonus. Remember, too, that the employee must pay taxes on the \$161 (grossed up amount), rather than on the \$100 (not grossed up) if the spot bonus is not grossed up.
 - **Gift of tangible property less than \$100**
 - o A gift of tangible property may be given to reward an employee for achievement of a work-related goal. Per IRS regulations, tangible property of less than \$100 is not considered taxable income to the recipient.
 - o Ideas for spot recognition include a box of chocolates, a book by the employee’s favorite author, or something from the COOP like a Harvard sweatshirt or canvas bag.
 - o *Please note:* If you would like to give a gift of tangible property equal to or greater than \$100, then, per IRS regulations, the gift will be considered taxable income to the recipient. Please refer to the FAS Finance *Guidelines for Gifts, Celebratory Events, and Donations* for more information and reporting requirements.
 - **Do not use gift cards:** Because of the accounting regulations associated with the imputed income value of gift cards, **gift cards should not be used for staff recognition.**
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b. Project Completion Award (Individual or Team): While completing projects is part of most employees' responsibilities, from time to time, managers may want to provide recognition when a staff member works on a substantial project outside of his or her regular job responsibilities. Project completion bonuses can also occur when an employee completes a project that is within the employee's job responsibilities, but the project deliverables exceed expectations, the results are delivered ahead of schedule and below budget, and results are produced in the face of unexpected challenges.

- Project bonuses can be used to recognize an individual or a team.
- Projects meriting recognition are usually long-term (often three months or longer) and have a significant impact on the department and/or the FAS.
- Managers should request approval from their administrative dean prior to awarding a Project Completion award.
- Bonus amounts should reflect the employee's role and contribution on the project, the length of time of the project, the impact of the project deliverables, and project challenges that were addressed. Bonus amounts should be determined by the employee's manager, in consultation with his or her HR Consultant.

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55	\$800 - \$2,250
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- Departments should not gross up project completion bonuses.
- **Use earnings code BPU (Bonus Project Unexpected).**
- Project bonuses are paid from the local bonus budget.
- Costing for project bonuses is typically the employee's standard costing

c. Interim Coverage Payments: Sometimes staff members are called upon to provide coverage for additional work over a sustained period of time. This may happen when they are asked to provide interim coverage for departed colleagues, colleagues on a lengthy leave of absence, or for staffing transitions.

For exempt staff: The “Interim Coverage Payment” (ICP) earnings code is used to compensate staff who are doing significant, additional work performed over a sustained period of time (usually three months or longer). The code provides consistent tracking of these earnings across the University. “Interim Coverage Payment” (ICP) is to be used for EXEMPT roles only. The code may be used for EITHER payment on a regular basis or a lump sum payment at the end of an interim coverage period.

For non-exempt staff: Based on federal and state labor laws and the HUCTW contract, the correct way to compensate overtime-eligible staff taking on interim assignments is to **change the base rate of pay** during such time as the employee is providing coverage. All additional work assignments should be documented *before* the staff member begins such coverage, as outlined in the HUCTW contract. This ensures that any overtime calculations are handled appropriately. Typically, the change to base rate of pay is up to 5%, depending on circumstances.

Please contact your HR Consultant if you are considering additional compensation for interim, additional work assignments.

- Managers should request approval from their administrative dean prior to awarding an Interim Coverage payment.
- Interim Coverage payments should be used for EXEMPT roles only and should reflect the type and duration of the interim coverage provided by the employee and the employee’s salary. Amounts should be determined by the employee’s manager, in consultation with his or her HR Consultant.

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55	\$800 - \$2,250
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- Because of the considerable additional costs, departments should not gross up interim coverage payments.
- **Use earnings code ICP (Interim Coverage Payment)**
- Interim coverage payments are typically paid from departmental vacancy savings.
- Costing for interim coverage payments are typically the employee’s default costing

IV. Examples of Local Bonuses

- Spot Award

- A decision was made to submit a training grant proposal with little prior notice. A staff member who does not usually work on grants stepped in to help the grant manager collect and assemble materials for the application. The employee volunteered to take on this extra work and his effort made a difference in getting a strong application submitted on time.
- A program manager successfully managed a large and complex series of programs which posed a number of unexpected challenges, including issues with the venues and coordinating many sponsors.
- Several staff members moved valuable objects from one facility to another within a short timeframe and with little notice to assist with a museum facility move.

- Project Completion Award

- Over the course of a year, an employee cleared up a backlog of student records which involved physically reviewing the files of each student for several decades, removing duplicate or unneeded materials, working with a vendor to scan the files, and implementing an electronic records management system. This was done in addition to the employee's regular job responsibilities.
- An employee provided Harvard-wide leadership in response to a global event (natural disaster) and over several months took the lead in developing communications, identifying issues, and coordinating internal and external stakeholders to help with recovery efforts.

- Interim Coverage Payment

- A staff member took on critical additional work when a team member went on an unexpected medical leave for seven months. The work was done very well and required a substantial amount of extra effort and time in the office.
- While a colleague was out on maternity leave, an employee took accountability for coverage and launched a new program that required considerable effort and leadership. The way in which the additional work was completed and the new program was launched exceeded expectations.

V. Frequently Asked Questions

1. Q: **Can I recognize a team with members from across the FAS? How do I pay for this?**

A: Cross-FAS team recognition is supported at the FAS. If a team is comprised of staff from different departments and centers, usually the department leading the project will fund the recognition.

Things to keep in mind include: How large is the team? What are the pay levels of the team members and what was each of their respective contributions to the project?

If a manager would like to recognize staff outside of their department, they should consult with the direct managers of the team members' department to make sure everyone agrees on the type and amount of recognition offered and who should be included in the recognition.

Your HR consultant can help guide you through this process.

2. Q: **While a staff member has been on short-term disability, another staff member took over additional work. STD leave has extended three months and might extend longer. Can I recognize the staff member doing the additional work? How should I do this?**

A: The proper way to compensate HUCTION over-time eligible staff taking on interim assignments is to change the base rate of pay while the person is providing coverage. All interim assignments should be documented in writing before the staff member begins such coverage and all additional hours worked should be logged as overtime. This ensures that any overtime calculations are handled appropriately.

If the staff member is exempt, you can either submit a planned pay adjustment (made effective when the additional work began) or give a one-time lump sum amount using the interim coverage payment.

Please consult with your HR consultant about these options.