

UC SANTA BARBARA

Human Resources

Retention Lump Sum Program: Implementation Explained

February 22, 2023

The information contained in this document was prepared for campus HRBPs to support departmental planning and decision-making.



Agenda

- Background
 - Information about why and how this program was developed
- Implementation Timeline
- Program Guidelines Explained
 - A detailed review of the program's guidelines
 - Overview, Eligibility, Justification Reasons, Maximum Dollar Limit, Payment Provisions, Repayment Provisions, Approval Process
- Forms Explained
- Supplemental Resources
 - FAQs, Sample Request Form
- Questions

Background: Retention Lump Sum (RLS) Program

- The UC Office of the President granted permission to campuses to develop a program to provide one-time lump sum payments to aid in the retention of policy-covered (non-represented) career staff members due to ongoing labor shortages and recruitment challenges experienced across the UC system
- This type of program would require an employee's agreement to remain in their current position and/or department for at least 12 months in exchange for a retention lump sum payment
- Six UC locations have established a Retention Lump Sum program: UC Berkeley, UC Davis, UC Irvine, UC Riverside, UC San Diego, and the Office of the President

Background: Retention Lump Sum (RLS) Program

- Founded in 1900, the Association of American Universities (AAU) is composed of America's leading research universities. The websites of the AAU members were reviewed for the existence of similar retention lump sum programs.

Outside of UC, only two members have established retention lump sum payment programs: University of Washington and The University of North Carolina, Chapel Hill



Background: Retention Lump Sum (RLS) Program

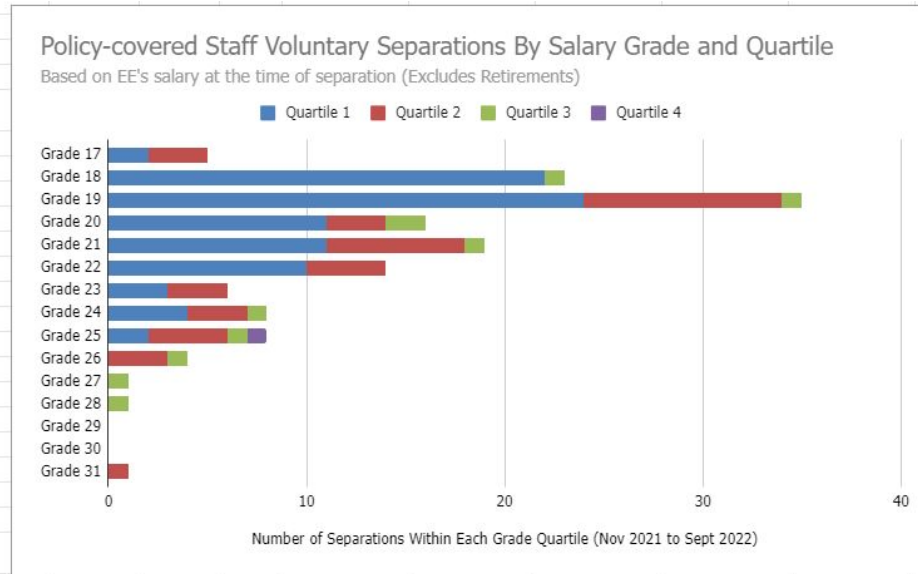
Voluntary separations* for policy-covered career staff for the period of Nov. 2021 to Sept. 2022 reflected the following trends:

- 79% (112) of separations occurred in salary grades 17 to 22
- 92% (130) of separations occurred in the first and second quartiles of the salary ranges

Additionally, when vacant positions were filled, internal hires filled 45% of those vacancies, equal to 254 of campus job openings (includes represented and policy-covered staff positions) during this same period.

*retirements excluded

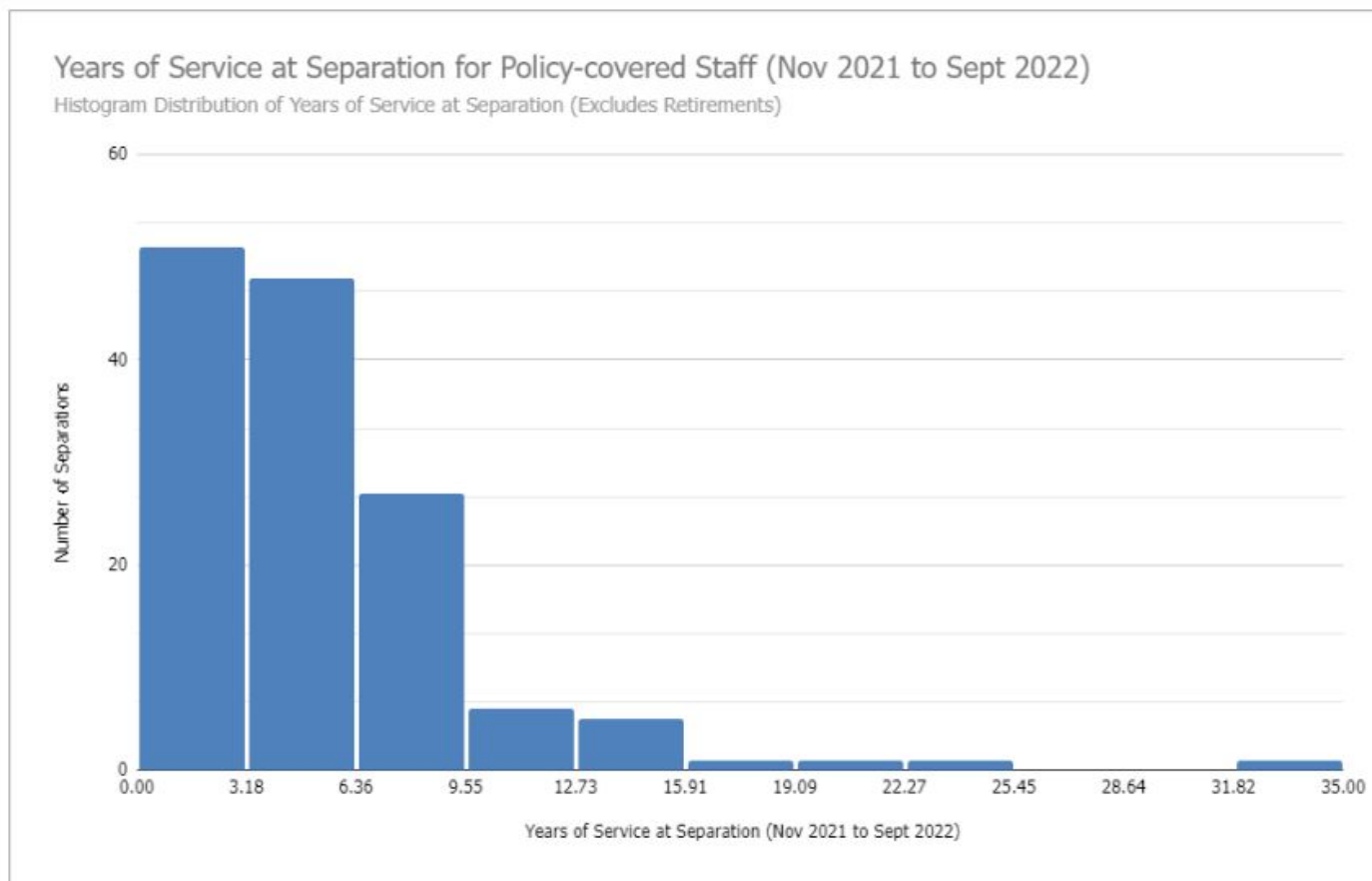
	Quartile 1	Quartile 2	Quartile 3	Quartile 4	Totals
Grade 17	2	3			5
Grade 18	22		1		23
Grade 19	24	10	1		35
Grade 20	11	3	2		16
Grade 21	11	7	1		19
Grade 22	10	4			14
Grade 23	3	3			6
Grade 24	4	3	1		8
Grade 25	2	4	1	1	8
Grade 26		3	1		4
Grade 27			1		1
Grade 28			1		1
Grade 29					0
Grade 30					0
Grade 31		1			1
Totals	89	41	10	1	141
Percentage of Totals	63.12%	29.08%	7.09%	0.71%	100.00%



Background: Retention Lump Sum (RLS) Program

~55% (78) of the voluntary separations occurred within the first 5 years of UC service

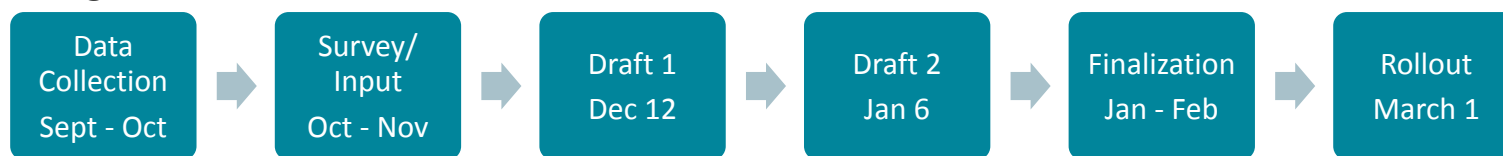
~33% (47) of the voluntary separations occurred within the first 3 years of UC service



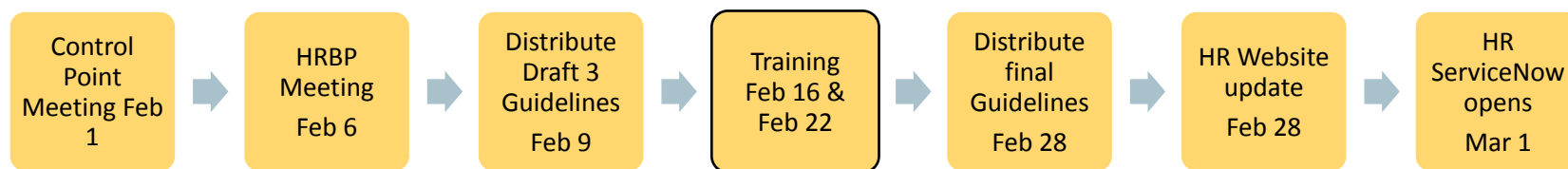
Implementation Timeline

Retention Lump Sum Program rollout will be **March 1st, 2023**

Program development steps



Implementation timeline



Program Guidelines Explained

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.

Program Guidelines Explained

1. 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).

Program Guidelines Explained

2. Justification Reasons

1. To retain an eligible staff member upon notification that they have received a **competing job offer**
2. 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
3. To retain an eligible staff member in a **difficult to fill position** who is considering employment elsewhere

Program Guidelines Explained

2. Justification Reasons

4. 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
5. 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
6. 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.

Program Guidelines Explained

2. Justification Reasons

Other considerations – What types of situations might not warrant a RLS?

- Are there other department staff who can assume the temporary duties created by the potential vacancy while a recruitment takes place?
- Are there other department staff who are ready to promote into or laterally transfer into the potential vacancy?
- Can the position be filled with a minimal level of disruption in the department's delivery of programs/services?
- 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 is an important engagement driver for employees. While the RLS may be an appealing quick fix remedy, an individual's engagement in their job may decline if they perceive their career progress is stalled for an extended period. Consideration should be given to what the individual is seeking before attempting to dissuade an individual from pursuing what may be career enhancing employment opportunities.

Program Guidelines Explained

3. 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.

Program Guidelines Explained

4. Payment Provisions

- Employee agrees to **remain in their position** within the same department **for at least 12 months of service**.
- 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 must be on pay status at the time the payment(s) is processed to receive the retention lump sum.
- 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.
- Retention lump sum payments are added to the employee's payroll check. Separate checks for the retention lump sum will not be issued.

Program Guidelines Explained

5. Repayment Provisions

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**.

Program Guidelines Explained

6. Repayment Provisions

Let's walk through the first example where a repayment will be required for a monthly paid employee.

Example 1: An employee was approved for a \$6,000 single lump sum payment at the inception of the 12-month service period, but departs on 6/30/2023 after completing only four months of their 12-month service period. The 12-month service period started 3/1/2023 and the \$6,000 lump sum was paid out in a single payment on the 3/30/2023 monthly paycheck.

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

Step 2: Identify what portion of the RLS was paid in advance.
The employee received 100% of the \$6,000 RLS 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 retention lump sum is considered an overpayment** to the employee because they did not complete the remaining 8 months in the agreed upon 12-month service period. The overpayment of \$4,000 must be repaid by the employee.

Program Guidelines Explained

6. Repayment Provisions

Here is the **same** example using a biweekly paid employee where a repayment will be required.

Example 2: An employee was approved for a \$6,000 single lump sum payment at the inception of the 12-month service period, but departs on 6/30/2023 after completing only 4 months out of 12-month service period. The 12-month service period started 3/1/2023 and the \$6,000 lump sum was paid out in a single payment on the 3/29/2023 biweekly paycheck.

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

Step 2: Identify what portion of the RLS was paid in advance.
The employee received 100% of the \$6,000 RLS 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 retention lump sum is considered an overpayment** to the employee because they did not complete the remaining 8 months in the agreed upon 12-month service period. The overpayment of \$4,000 must be repaid by the employee.

Program Guidelines Explained

6. Repayment Provisions

Let's walk through a different scenario where a repayment will be required for a monthly paid employee who is scheduled to receive two installment payments.

Example 3: An employee was approved for a \$6,000 retention lump sum that will be paid in two installments of \$3,000 each. The employee departs on 6/30/2023 after completing only four months of their 12-month service period. The 12-month service period started 3/1/2023 and the first \$3,000 installment was paid out on the 3/30/2023 monthly paycheck. The second installment was scheduled to be paid on the 9/1/2023 monthly paycheck.

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

Step 2: Identify what portion of the RLS was paid in advance.
In this case \$3,000 of the \$6,000 approved amount has been paid in advance. 50% of the RLS was 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 installment is 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. The overpayment of \$2,000 must be repaid by the employee.

Program Guidelines Explained

6. Repayment Provisions

Now, let's walk through yet another example using a monthly paid employee, in this case no repayment will be required.

Example 4: An employee was approved for a \$6,000 retention lump sum that will be paid in 12 *monthly installments* of \$500 each. The employee departs on 6/30/2023 after completing only four months of their 12-month service period. The 12-month service period started 3/1/2023 and the first \$500 installment was paid on the 3/30/2023 monthly paycheck.

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

Step 2: Identify what portion of the RLS was paid in advance.
In this case, the first \$500 monthly installment was paid on 3/30/2023. This coincides with the completion of the *first month* of the 12-month service period. Since the RLS was split into 12 installments and only 1/12 of the RLS was paid each month, it is *not considered paid in advance*. 0% of the RLS was 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. All future installments are forfeited by the employee.

Program Guidelines Explained

6. Repayment Provisions

Here is the same example using a biweekly paid employee who will receive the RLS paid in 26 biweekly installments over a 12-month period, and no repayment will be required.

Example 5: An employee was approved for a \$6,000 retention lump sum that will be paid in 26 biweekly installments of ~\$230.76 each. The employee departs on 6/30/2023 after completing only four months of their 12-month service period. The 12-month service period started 3/1/2023 and the first \$230.76 biweekly installment was paid on the 3/29/2023 biweekly paycheck.

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

Step 2: Identify what portion of the RLS was paid in advance.

In this case, the first \$230.76 biweekly installment was paid on 3/29/2023. The payment was received **after** the completion of the first biweekly pay period of the 12-month service period. Since the RLS was split into 26 installments and only 1/26 of the RLS was paid each pay period, it is *not considered paid in advance*. 0% of the RLS was 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. All future installments are forfeited by the employee.

Program Guidelines Explained

6. Repayment Provisions

Let's walk through one more scenario where a repayment will not be required for a monthly paid employee who is scheduled to receive two installment payments.

Example 6: An employee was approved for a \$6,000 retention lump sum that will be paid in two installments of \$3,000 each. The employee departs on 9/30/2023 after completing seven months of their 12-month service period. The 12-month service period started 3/1/2023 and the first \$3,000 installment was paid out on the 9/01/2023 monthly paycheck. The second installment was scheduled to be paid on the 3/1/2024 monthly paycheck.

Step 1: Identify what portion of the 12-month service period was not completed.

Five months were not completed. (October 2023 through February 2024)

Step 2: Identify what portion of the RLS was paid in advance.

In this case, the first \$3,000 installment was paid on 9/1/2023, *after the completion of the first six months* of the 12-month service period. Since the RLS was split into 2 equal installments, and the first installment was paid after the completion of the first six months, it is *not considered paid in advance*. 0% of the RLS was 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 was paid after the completion of the first six months of the service period. All future installments are forfeited by the employee.

Program Guidelines Explained

6. Repayment Provisions

In the event of a repayment event,

the department will calculate the prorated portion for repayment and notify Business & Financial Services (BFS) by submitting an overpayment ticket to BFS ServiceNow to begin the overpayment recovery process

Program Guidelines Explained

6. Repayment Provisions

However, the Guidelines provide one exception to the Repayment Provision:

- 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.

Program Guidelines Explained

6. Approval Process

For the Division of Academic Affairs, requests 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 requests to their Vice Chancellor's office for control point approval, **through the appropriate Associate/Assistant Vice Chancellor or designee.**

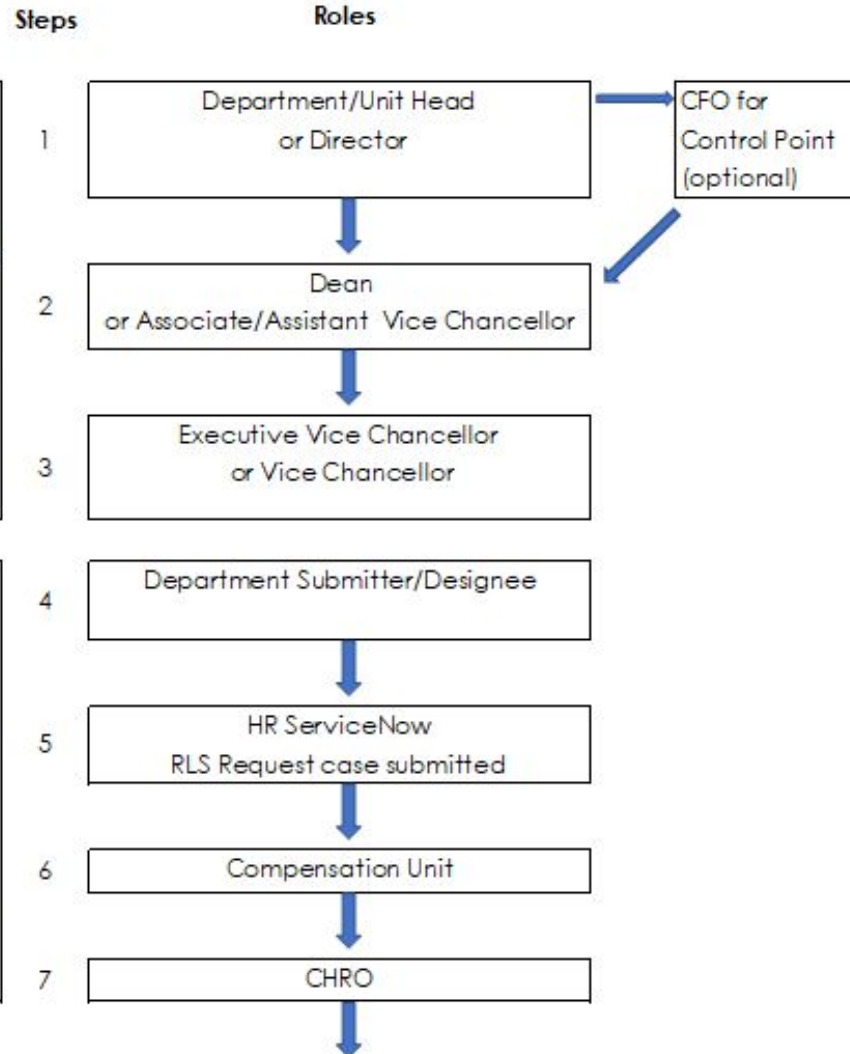
All retention lump sum payments are subject to budgetary approval by the control point's chief financial officer.

Approval Process Flow

Retention Lump Sum (RLS) Program Process Overview Summary

CONTROL POINT/DIVISIONAL APPROVAL STEPS
 Department/Unit Head/Director submits the RLS Request Form through their respective Dean's office or AVC's office. If approved, the request is forwarded for approval to the EVC or VC's office for control point approval. The EVC or VC may require prior budgetary review by the control point's CFO.

HR APPROVAL STEPS
 After Control Point approval is received, the department's submitter/designee submits the details of the RLS request to the Compensation unit via HR ServiceNow. The Compensation unit reviews the request for compliance with the Guidelines, and forwards the request details to the CHRO for approval.



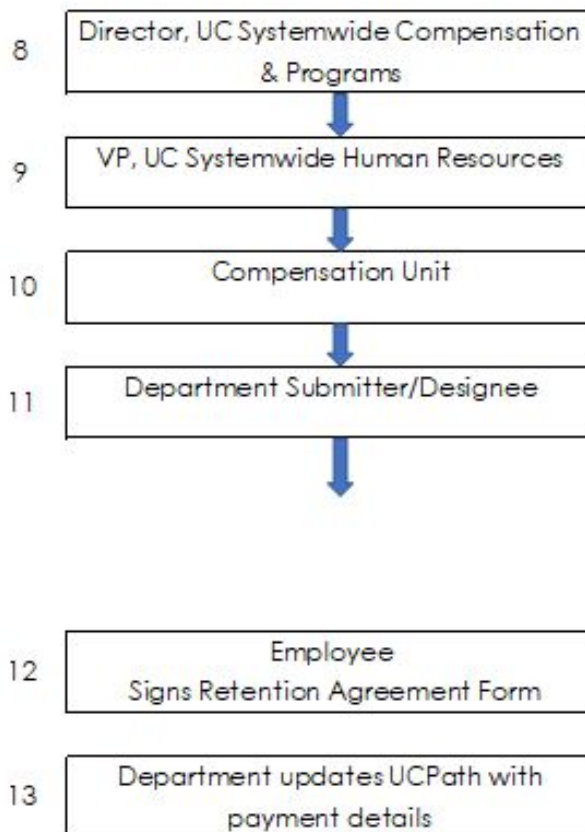
Approval Process Flow

UCOP APPROVAL STEPS

After the CHRO approves the RLS request, the details are sent to the Director of UC Systemwide Compensation & Programs who reviews the request. If approved, the request details are sent to the Vice President, UC Systemwide HR. The Compensation unit is notified of the decision via email. The Compensation unit communicates the approval via an email to the department's submitter/designee.

DEPARTMENT IMPLEMENTATION

The department completes the Employee Retention Agreement form and obtains the employee's signature. The department updates UCPath with payment details.



Forms Explained

Retention Lump Sum Request Form: This form is used by the department head to submit requests for a RLS through their division's approval channel

Employee Retention Agreement Form: This form is used to formally document the retention agreement between the employee, the department head, and Divisional Dean/AVC.

Supplemental Resources

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Human Resources

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Compensation + Classification Job Standards + Series Concepts OACIS + UCSB Job Builder Salary Scales Team Contacts

Retention Lump Sum Payment Program Program Guidelines + Processing

****Program available for use starting on March 1, 2023****

Guidelines + FAQs

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 (non-represented) PSS and MSP 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 department resources.

Information concerning eligibility criteria, justification rationale, payment provisions, approval process, and FAQs are contained in the [Retention Lump Sum Program Guidelines](#)

The draft version of the RLS Program Guidelines are now posted on the HR website under Compensation + Classification.

FAQs are contained within the Guidelines.

These will be subject to updates and additions as new questions come forward.

Supplemental Resources

University of California, Santa Barbara QUICK LINKS ▾ Q ▾

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Forms

[Retention Lump Sum Request Form](#)

For the Division of Academic Affairs, requests 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 requests to their Vice Chancellor's office for control point approval, through the appropriate Associate/Assistant Vice Chancellor where applicable.

[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.

- The forms are now posted on the HR website

Questions?

THANK YOU!

UC SANTA BARBARA