# Referral Bonus Program

## Summary

UW-Madison recognizes the need to occasionally provide referral bonuses to encourage current employees to refer qualified candidates to the campus for specific hard-to-fill jobs. Research has shown that new hires who come into organizations through a referral by a current employee are excellent contributors, stay with organizations longer, and are more cost-effective recruits. This Program provides the guidelines in which Divisions can set up and administer their own Employee Referral Bonus Program.

## Who this applies to

When a school, college, or division decides to offer a referral bonus, it must first clarify the circumstances and criteria under which it will grant the bonus, and which specific job titles or positions qualify. Referral bonuses may be offered for specific identified job titles or positions and are most effective for positions which are hard to fill through other means.

Current employees may receive a referral bonus when referring an individual who is hired into a position in any of these employee categories:

- Academic Staff
- Faculty
- Limited Appointees
- Student Hourlies
- Temporary Employees
- University Staff (including craft workers)

Current employees may *not* receive a referral bonus when referring an individual to a position in any of these employee categories:

- Post-Retirement Rehires
- Student Assistants
- Employee-In-Training
- Zero-dollar and Lump Sum Appointments

The candidate hired into the designated position (the "referred employee") shall not have held a UW Madison position within the past 12 months.

## Rationale

Policy number UW-5023 provides UW-Madison the ability to award Supplemental Lump Sum Payments (UW-5023.B.VIII). The Referral Bonus Program is considered a supplemental lump sum payment.

## Amount

The amount of the referral bonus can be up to $1,560 or up to 5% of the minimum of the salary range (annualized).

Divisions are responsible for funding of the referral bonus and administration of their own program. Divisions must ensure the funding source used allows for payment of a referral bonus.

## Eligibility

Employees in the following employment types are eligible to receive a referral bonus as the "referring employee":

- Academic Staff
- Faculty
- Limited Appointees
- Student Hourlies
- Temporary Employees
- University Staff (including craft workers)

Divisions may set their own additional eligibility parameters, with a few exceptions:

- Hiring Managers/Supervisors or any other employees making the final hiring decisions for the position are ineligible for a referral bonus to avoid ethics concerns (Code of Ethics Policies – See UWS 8.03 and BOR 20-22)
- Employees referring immediate family are ineligible for a referral bonus
- Employees referring current UW-Madison employees are ineligible for a referral bonus
  - Exceptions may be made in cases where retaining employees that hold temporary or terminal positions is a consideration

## Considerations for using the program

Divisions need to determine how difficult it is to recruit new employees for specific job titles or positions and then determine if a referral bonus is an option to utilize. The primary potential considerations include difficulty of attracting qualified applicants and difficulty filling and retaining new employees for specific positions.

## Tracking Referring and Referred Employees

To qualify for the bonus, the employee must refer the candidate to the job via the applicant tracking system's referral mechanism. If the applicant tracking system is not used for the job (i.e. Student Hourly job), the candidate must identify their referrer at the time of application. Questions on this process should be directed to Talent Acquisition.

## Payment administration of referral bonus

Divisions must state when the referring employee will receive the referral bonus. For example, "Paid after the referred employee successfully completes their probationary/evaluation period."

In all cases, if the referring employee or the referred employee is no longer employed by UW-Madison at the time of payment, the bonus payment is no longer valid.

Divisions will submit the payment via One-Time Payment (OTP) in Workday that includes the justification for the payment for approval.

## Language to be included in letter to employee receiving bonus

"We are pleased to offer you a referral bonus of $ _____. This bonus will be paid as part of your paycheck paid on [insert date] provided the referred employee is still employed by UW-Madison. The referral bonus is taxable, and all regular payroll taxes will be withheld."

Letter should also include a thank you to the employee acknowledging their referral.

## Referral Bonus Request Process

Subject to Office of Human Resources (OHR) approval, each division has the flexibility to develop a program that meets their business needs within these guidelines. At a minimum, the Divisional Program must include:

- Process for departments to submit requests to Division HR to use the Referral Bonus Program. Department requests should, at a minimum, include:
  - Reason for request
  - Requested amount
  - Job Title and/or Job Requisition number
  - Approval from Dean/Director or designee
- The process to be used to identify and award referral bonuses
- Employee eligibility parameters
- The process for notifying employees about the program

Once drafted, Divisional Referral Bonus Programs should be sent to the Compensation Center of Excellence and Talent Acquisition representatives for review. Once Divisional Referral Bonus Programs are approved by OHR, divisions will administer the program and payouts and maintain all documents related to the program in accordance with state law and university record-retention policies.

# Divisional Referral Program Template

The template below describes the information that should be included in Divisional Referral Program documents. Additional information can be included to describe how the program will work within the Division.

## Program Overview
Include information on why the program is being developed and the goal for the program.

## Program Information

### Position Eligibility
- What positions are eligible for the program?
- How does a department request the use of the referral program?
- What information should be provided in the request?

### Employee Eligibility
- Who is eligible to refer employees?
- Which employment categories can receive a referral bonus?
- Who is not eligible for a referral bonus (ex. Hiring Supervisor)

### Process
- How will the division identify when an applicant has been referred by someone? *
- What are the start and end dates for the referral? Is this based on applicant submission date, the date we learned when someone referred them, or recruitment posting dates? *
- What criteria must be satisfied to receive the bonus?
- Applicant must work X number of days?
- Referring employee must be in active status
- Does applicant have prior relationship with the Division? Campus?
- When will bonus payments occur and how will employees be notified?
- How will the Division identify referral names? *
  What criteria must be satisfied in order to receive the bonus?

### Amount
- How much is the referral bonus?

### Communication
- How will employees be informed about the program?

*Please address starred questions if the applicant tracking system is not used for the job.