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VIRGINIA TECH.
*Supporting Faculty Success ◆ Empowering Faculty Excellence*

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TO: College Deans
Department Heads, Chairs, and School Directors
Executive Director and Vice President, Innovation Campus

FROM: Ron Fricker, Vice Provost for Faculty Affairs
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CC: Cyril Clarke, Executive Vice President and Provost
Amy Sebring, Executive Vice President and Chief Operating Officer
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Curtis Mabry, Assistant Vice President for Consulting and Strategic Services
Associate Deans for Faculty Affairs & College HR Division Directors

SUBJECT: **Guidance for the Implementation of Policy 4005, *Exceptional Recruitment and Retention Incentive Options Policy*, dated October 8, 2024**

1. **Purpose.** To provide implementation guidance for Policy 4005 to academic and senior management units reporting up to the Executive Vice President and Provost.

2. **Background.** Human Resources issued Policy 4005, *Exceptional Recruitment and Retention Incentive Options Policy*, on October 8, 2024. This policy authorizes recruitment and retention bonuses for "external candidates and eligible employees who possess skills and/or qualifications that are in high market demand, have a highly specialized talent, or for a position that would be otherwise difficult to fill" (Section 2, paragraph 2). Policy 4005 is intended to provide managers with an additional mechanism to attract and retain high-performing faculty and university staff. Because they are state employees, the policy and process for retention bonuses for classified staff continues to follow DHRM Policy 3.05, Compensation.

3. **Discussion.** Policy 4005 is applicable across the university to faculty and university staff positions, offering a framework to support recruitment and retention efforts for all employees. This memorandum provides specific guidance for implementing the policy in academic and senior management units that report to the Provost, particularly as it relates to faculty recruiting and retention. Additionally, this memorandum provides adjustments to the policy in advance of some forthcoming policy revisions.

4. **Guidance.** Within the academic and senior management units reporting to the Provost, Policy 4005 will be implemented as follows.

   **a.** ***Costs.*** As specified in Policy 4005, the full cost of any recruitment or retention incentive will be covered by the unit awarding it. The Provost's Office will continue to support these costs in the following ways:

      i. ***Recruiting Incentives.*** The Provost's Office will not cost share recruiting bonuses.

      ii. ***Retention Incentives.*** While the Provost's Office may offer cost sharing for tenured/tenure-track faculty retention, these funds are designated exclusively for structural salary enhancements that support long-term retention and thus will not be provided for retention bonuses.

      iii. ***Moving and Relocation.*** The Provost's Office will continue to cost share moving and relocation expenses as part of faculty start-up program for tenure-track and collegiate faculty. These costs will need to be itemized separately from any other components of the bonus payment, which will not be cost shared, and will be subject to the thresholds established in Appendix A.

b. ***Approvals.*** While Policy 4005 allows for approval of some retention bonuses by department heads, within the Provost's areas retention bonuses will require approval by senior management (college, institute, or other Senior Management Area leadership) or their designee. Specifically, as with all changes in employee compensation, two levels of approval are necessary: the immediate supervisor and the next level supervisor (or their authorized signatory). Per Policy 4005, recruitment or retention bonuses that exceed 20% require additional approval from the Office of the Provost.

c. ***MOAs/Promissory Notes.*** Although Policy 4005 currently requires Form P89, Memorandum of Agreement and Promissory Note, for new employees, including the appropriate language in their Terms of Faculty Offer (TOFO) is sufficient and an MOA and promissory note is not necessary. An upcoming revision to Policy 4005 will reflect this change for the academic areas. Specifically, if a new employee is to receive a bonus, the TOFO template in PageUp will include the following language related to recruitment bonuses:

> *The university will provide a recruitment bonus, as defined in Policy 4005, Exceptional Recruitment and Retention Incentive Options Policy, in the amount of $XX,XXX. Please be aware that this bonus will be subject to federal and state income tax withholdings.*
>
> *The bonus payment is conditioned upon you remaining in the employment of the department for a minimum period of one year from the start date. Should you fail to remain in employment at Virginia Tech for that period, you will be required to repay to the department a prorated portion of the gross bonus amount.*

If the new employee is receiving a lump sum payment for moving and relocation costs only, and not a bonus *per se*, then the following language should be typed into the TOFO under the "Other Terms of This Appointment" Section:

> *The university will provide a stipend of $XX,XXX to assist with moving and relocation expenses. Please be aware that this stipend will be subject to federal and state income tax withholdings. This stipend will be the only payment provided for moving and relocation costs and will be limited to one stipend per household. No additional moving and relocation reimbursements or payments to vendors for moving costs will be processed by the university.*
>
> *The stipend payment is conditioned upon you remaining in the employment of the university for a minimum period of one year from the start date. Should you fail to remain in employment for that period, you will be required to repay to the university a prorated portion of the stipend amount, such that for each full month during which you remain employed at the university, the amount to be repaid shall be reduced by one-twelfth (1/12) of the total stipend.*

If an existing employee is receiving a retention bonus, then a promissory note/MOA is required.

For both recruiting and retention bonuses, should an employee leave the unit prior to the repayment period, the requirement to enforce repayment of the funds is the unit's decision.

5. **Questions.** Please do not hesitate to contact us if you have questions.

## Appendix A

The Office of the Provost, via Academic Resource Management (ARM), provides cost share funding for tenure track and regular collegiate faculty start-up packages. At the request of the colleges, ARM has begun exploring if the cost sharing guidelines can be enhanced to better support faculty recruitment while potentially reducing the associated administrative workload. That work is not yet complete, so this appendix provides interim guidance to address the impacts of Policy 4005.

**Moving and Relocation Cost Sharing for Tenure-track and Regular Collegiate Faculty.** For moving and relocation, the Provost Office will continue to cost share for tenure track and regular collegiate faculty within the limits below.

| Faculty Rank | Total Moving Stipend |
|---|---|
| Assistant Professor | $15,000 |
| Associate Professor/Professor | $25,000 |

The amount authorized for moving and relocation must be itemized separately from any other bonus payment; moving and relocation not itemized separately will not be eligible for Provost Office cost sharing. Other than in exceptional circumstances and with advance approval by ARM, costs exceeding the above totals will be the responsibility of the academic unit.

**Moving and Relocation Limits for Other T&R Faculty, A/P Faculty, and Staff Under Purview of the Provost.** Policy 4005 superseded Controller's Office Procedure 20345A: Moving and Relocation Expenses, and Procedure 20345B: Moving and Relocation Stipend Procedure. As a result, there are currently no university guidelines for, or limits on, moving and relocation costs. In the absence of such university-level guidelines, colleges may approve moving and relocation stipend payments up to the amounts in the table below. Amounts greater than those in the table require Provost Office approval. Exception requests should be directed to facultyaffairs@vt.edu.

| Appointment Type | Total Moving Stipend |
|---|---|
| Administrative Faculty (PCLS 011xx), Ranked Faculty Associate Professor and above (PCLS xxxx5 - xxxx9), Research Faculty PCLS from xxxx1-2 | $25,000 |
| Professional Managerial Faculty (PCLS 012xx), Ranked Faculty Lecturer to Assistant Professor (PCLS xxxx1 - xxxx4), Research Faculty PCLS from xxxx3,4,5,6,8,9,0) | $15,000 |
| Postdocs, Staff bands 4 and above | $6,000 |
| Staff, bands 1-3 | $1,000 |

Stipend amounts should be based on estimated costs to relocate and the portion of these costs the university is willing to fund. Stipends are only available to eligible employees per the following criteria:

- The employee must be hired into a full-time salaried position, and
- The relocation must be at the university's request, not for the convenience of the employee, and
- The distance between the employee's new work location and the former residence must be 50 miles greater than the distance between the employee's old location and the former residence.