

Employee Referral Incentive Program

HR-03-10

About This Policy

Effective Dates:

01-01-2014

Last Updated:

03-08-2022

Responsible University Administrator:

Vice President for Human Resources

Policy Contact:

[IU Human Resources](#)

askHR@iu.edu

Scope

This policy applies to all staff employees.

Policy Statement

1. The University supports departments offering an employee referral incentive for vacant staff positions in specific jobs that are hard to fill and in high demand.
2. A list of approved vacant positions and/or specific jobs is managed by University Human Resources.
 - a. University Human Resources will determine applicable jobs for the Employee Referral Incentive based on market demand studies and length of position openings at the University. (The list of jobs noted in the [Appendix](#) will be reviewed at least annually, with additions and deletions as determined appropriate.)
3. The Employee Referral Incentive provides eligible staff employees with lump-sum compensation that is outside of base salary or wages.
4. To be eligible for an employee referral incentive, the recipient must be an active University employee on the date the payment is processed.
5. The following individuals are not eligible for the employee referral incentive.
 - a. University managers and supervisors who are involved in the recruitment of the vacant staff position
 - b. Human Resources professionals in all units
 - c. Hiring committee members, if applicable, and any other employee involved in influencing the hiring decision
 - d. Immediate family members of the new employee, regardless of their role at Indiana University
6. Tax treatment of bonus payments
 - a. Employee referral incentive pay shall not be grossed up to cover taxes.
7. Funding of the bonus payments
 - a. The hiring department is responsible for funding the payment of an Employee Referral Incentive bonus payment.
8. The payment shall not be funded from contract or grant funds.

Reason For Policy

This policy provides University managers and supervisors with guidelines and procedures for an employee referral incentive program to supplement a department's recruiting effort for hard-to-fill and high-demand vacant staff positions.

Procedure

1. The Employee Referral Incentive Program is designed to assist a department's recruiting effort for hard-to-fill and high-demand vacant staff positions. The recruiting results should advance the University's employment goals and initiatives. An employee referral incentive is a forward-thinking arrangement.
 - a. The Employee Referral Incentive Program is administered by University Human Resources.
 - b. A department must request and receive approval from University Human Resources for specific vacant positions and/or jobs that would be eligible for the employee referral incentive.
 - c. The employee referral incentive payment will be up to 5% of the expected base salary of the eligible position with a maximum payout of \$2,500.
 - d. The department must follow the RC or campus approval protocol and obtain the required approvals.
 - e. Prior to any communication to employees and implementation of the incentive for a specific vacant position and/or job, final approval must be received from University Human Resources.
2. An eligible referring employee must submit an employee referral incentive validation form no later than 7 days after the referred applicant submitted their application within the University's Jobs at IU website.
3. The referred applicant must:
 - a. submit an application via Jobs at IU;
 - b. identify the referring employee within the Jobs at IU website when applying for the position;
 - c. be hired in a position eligible for the referral incentive; and
 - d. not be a current University employee
4. The new hire must complete 6 months of employment in the eligible position or the evaluation period, whichever is longer; and be in good standing with the department.
5. The employee referral incentive payment is a one-time payment issued to the referring employee after the new hire meets the above requirements.

General Guidelines

1. Eligible employees may receive more than one incentive payment for different positions per fiscal year if the referrals are hired and meet the program requirements.
2. The referred applicant must identify one eligible referring employee.
3. The employee referral incentive may not be split between multiple employees.
4. All employee referral incentive payments must be approved by University Human Resources before communicating the payment details to the employee.
5. Approved payments to staff employees should be initiated by the campus, school, or division/department through the Additional Pay e-Doc process and include within the e-Doc:
 - a. The completed [Employee Referral Incentive Validation Form](#).
 - b. Reference the employee referral incentive eligible position number and job listing number
 - c. Confirm that the required employee referral incentive requirements have been met
6. Employee referral incentive payments are included in calculating overtime pay.

Sanctions

Violations of university policies will be handled in accordance with applicable university policies and procedures which may include disciplinary actions up to and including termination from the University.

Additional Contacts

Tax Withholdings

University Tax Services

taxpayer@iu.edu

History

March 2022

Completed required updates to employee referral incentive payment percentage language per General Counsel.

January 2019

Updated references to the online application system (OLA) to the Jobs at IU website.

June 26, 2015

The language in Procedures was clarified and the Employee Referral Incentive Validation form was updated.

Related Information

[Appendix: Eligible Jobs and Positions](#)

[Reward and Recognition Plans](#)

[Employment HR Policies](#)

[Payroll and Tax Withholding](#)

[Jobs at IU](#)

Related Forms

[Employee Referral Incentive Validation Form](#)