



BONUS GUIDELINES

Objective:

Establish a fair, consistent practice for bonus awards that aligns with Babson's compensation philosophy; core values; and the College's business and educational strategies and goals.

Policy:

A bonus may be awarded upon *completion* of special assignments and/or projects or when an employee is filling in for someone at a *higher* level.

The extraordinary accomplishment of a special assignment and/or project should require considerable extra effort and time, be outside the scope of the individual's job description, not performed on a continuing basis, and should align with the College strategy (see examples below). Bonus awards are not a substitute for overtime pay, merit increases, or a replacement for some other benefit (with the exception of when using in lieu of adding to base salary for an employee paid over the market value for his/her role). Special pay for extraordinary accomplishment may be used to recognize special assignments and/or projects which meet the following criteria:

- They are extraordinary in nature.
- They are strategic and mission critical for the College.
- They are non-recurring.
- They require significant effort well beyond a position's defined scope or working hours.
- The employee must be an average, above average, or star performer.
- The employee must be a regular employee and not a temporary employee.

Examples of appropriate use of bonuses for awarding outstanding efforts include, but are not limited to:

- Interim roles where an employee is required to step into a role that is a *higher* level than their regular position, or is a key departmental role, for a minimum of a month but no longer than a year.
- Filling in for multiple vacancies lasting more than three (3) months in length (i.e., bonuses should not be awarded for covering for a maternity leave).
- Larger-scope projects that are strategic in nature and require work beyond a position's defined scope or working hours.
- Innovative projects/ideas that are implemented and result in visible benefit to the College and its goals.

Nonexempt employees should always be compensated for extra hours worked in accordance with the Fair Labor Standards Act (Employment Guidelines Handbook pages 26, and 56-57). Part-time employees should have their additional hours reflected on the appropriate time sheets.



Process:

Upon determination by a manager that an employee has performed in an extraordinary way the manager can request a bonus by following the steps outlined in the [one-time payment document on Learn Workday](#). If asked to sign in, use your Babson username and password. You can also access the instructions by going to Learn Workday (under Announcements on your Workday homepage), clicking on the Pay worklet and then clicking on Request One Time Payment.

- The Compensation team will review the bonus request and will contact the manager who submitted the request with any questions. The Compensation team collaborates with the Vice President, Human Resources as the final step in the approval process.
- After final approval is received, the bonus award is paid as a direct deposit during the next closest pay cycle. *Please note: depending on when the bonus is submitted and how long the approval process takes, the bonus may be paid in a later pay period than the one initially anticipated.*

Sources of Funding and Bonus Amounts:

The College has a defined bonus pool each fiscal year that is co-managed by Human Resources and the Budget Office. When the funds from this pool are depleted, individual departments will have to fund bonuses from their operating budget.

Bonuses should be granted in increments of \$100, up to a maximum of 5% of an employee's base salary. The dollar amount should be in relation to the size and scope of the special assignment and/or project completed. The minimum amount should be \$500.

A bonus is awarded as a lump sum payment, not added to the base salary, and the employee does not receive benefits on these dollars. Bonuses may be granted at any time during the fiscal year and should be awarded upon the successful conclusion of the special assignment and/or project.