Employee Bonuses, Honoraria & Flat Fees

BONUS

The **Employee Recognition Awards** program *(UAF Policy 04.05.001)* allows for UAF employee bonuses and has been established and approved by the UAF Chancellor. The procedure and forms are available on UAF HR’s web site under ‘Resources.’

- Only non-represented exempt and non-exempt regular or term funded employees are eligible.
- Employees who are in a bargaining unit, temporary employees, faculty and executives are not eligible.
- Student employees are eligible for cash bonuses but not for paid time off.
- Recognition awards cannot be charged to restricted funds.
- A recognition award will never serve as payment in lieu of regular hours worked or overtime for non-exempt employees.

**Performance Bonuses** *(P04.05.050)* are defined as meritorious employee awards for extraordinary circumstances. This may include employees who are no longer eligible for cost of living increases because their current pay is beyond the end of the salary schedule. Requests for performance bonuses that do not qualify for the Employee Recognition Award program should:

- Be on department letterhead.
- Be addressed to the Payroll Manager, (Sherri Soileau).
- Include the date, the employee’s full name and UA ID number.
- Give justification for the bonus payment.
- List a fund one account number to charge. Bonuses cannot be charged to restricted funds.
- Include an authorized signature.

**Executive Bonuses** *(R04.05.041, D)* require the approval of the President.

**Merit Bonuses for faculty union members** must follow the applicable union agreement:

- United Academic Adjunct (1/1/11 to 12/31/13) See 13.4 - Merit Pay
- UAFT (1/1/11 to 12/31/13) See 7.1, (F) - Merit Pay
- UNAC (1/1/11-12/31/13) See 15.5 - Merit Bonus
• UNAC (1/1/11-12/31/13) 15.5.2 Limited Merit Bonus
Nonrecurring bonus payments not to exceed $500, for performance of nonrecurring activities or service to the University are allowed. To submit a request, follow the instructions for Performance Bonus above. Amounts over $500 must be pre-approved by Labor Relations.

**Contractual Bonus**
Bonuses awarded as part of a contract do not require backup documentation. Payroll will accept an email from the department, but please make reference to the employment contract, the bonus verbiage and the contract date.

**Bonus Payout Details**
Bonuses are charged to earnings code 710; taxed at 25% for federal withholding. Medicare, retirement or social security and regular staff benefits rates apply. Medicare and social security are not deducted for non-taxable student employees.

**HONORARIA**

R05.02.03:
*An honorarium* is a gift provided to an individual or organization as a display of gratitude or custom, for services for which no fee was established or agreed upon, and for which there is no legal obligation or entitlement to payment.*

Requests for honoraria should meet the conditions for honoraria as established by regulation. Honoraria paid to employees should be submitted directly to Payroll following the instructions for Performance Bonus Honoraria above. Honoraria may be charged to restricted funds if so allowed by the funding agency.

**Honorarium Pay Details**
Honoraria are charged to earnings code 735; 736 for students in non-taxable status (SN/GN); taxed at the employee’s regular rate for federal withholding. Medicare, retirement or social security and regular staff benefits rates apply. Non-taxable students are exempt from Medicare and social security.

**FLAT FEES**

Flat fee payments may be appropriate when a payment to an employee does not meet the conditions for a bonus or honorarium. This includes:

• A Nominal fee payment for non-recurring volunteer work unrelated to the employee’s regular job duties.

BC 7/31/12
Example: An employee who performs accounting in Financial Services and designs artwork for a special event.

Work performed by non-exempt employees that do not meet these conditions must be reported as time worked and paid at the regular hourly rate, with any overtime that may be due.

Follow the procedure for Performance Bonus above. Flat fees may be charged to restricted funds if the grant or contract so allows.

**Flat Fee Pay Details**

Flat fee payments are charged to earnings code 730; 731 for students in non-taxable status (SN/GN), and taxed at the employee’s regular rate for federal withholding. Medicare, retirement or social security and regular staff benefits rates apply. Non-taxable students are exempt from Medicare and social security.

**IMPORTANT**

Bonuses, honoraria and flat fee payments may not be honored if they seem excessive for the justification, or if they are in lieu of regular hourly wages for services performed by a non-exempt employee. Federal wage and hour law requires that we pay our non-exempt employees for all hours worked, and overtime premium pay when the hours worked exceed 40 in a work week. In some cases a separate job assignment will be necessary.