

To: Taylor Woods
Fr: Claudia Schlosberg, Chair
Coalition on Long Term Care, Workforce Development Subcommittee
Re: Questions Regarding Retention Bonus Payments
Dt: October 21, 2022

Retention Bonus Payments

1. In Human Resources terms, retention bonuses are targeted, one-time payments or rewards outside of an employee's regular salary that are offered as an incentive to keep an employee on the job. Commonly, retention bonuses are made in installments and include terms such as reimbursement terms if the employee leaves in advance of the agreed upon timeframes for continued employment.

In contrast, DHCF's bonus payments are structured more as a performance bonus for work done in the past since in all instances, the period of performance ended on September 30, 2022, a date that predates the NOFA.

Some workers may be eligible for performance payments of up to \$3,000, an amount that is roughly equivalent to six weeks of pay. All payments must be paid out before December 31, 2022. Given that grant awards likely will not be made until late November, this means that employers will be paying out large lump sums of supplemental payments in December to all eligible employees. However, due to the requirement for 12 months of continuous employment for each bonus, employers will have some employees who will be eligible for the full \$3,000, some will only be eligible for one payment of \$1500, and there will be current employees who will not be eligible for any bonus payments because they were hired after October 1, 2021 (and do not meet the criteria for a recruitment or conversion bonus) or were hired after the end of the performance period.

In speaking with employers, they have raised concerns that the actual structure and timing of these payments (immediately before the Holidays), could hasten the exodus of workers. As our survey shows, employers who experienced high rates of turnover during the performance period will have fewer employees who are eligible for bonus payments and some employers will have no employees who will be eligible. Given payment differentials, employees are likely to experience these payments as unfair. This could reduce morale, and since employers have no ability to adjust payment amounts or eligibility or use these payments to pay an actual retention bonus that is specifically designed to reduce employee attrition, employees may leave. Second, many employees will be receiving relatively large lump sum payments, but again, payments are not tied to continued employment. Employers are concerned that employees will take the money and leave, and this could happen right in the midst of Holiday season, when staffing levels are already low.

Given these concerns, would DHCF consider:

- a. Changing the period of performance to October 1, 2021 through March 31, 2024, reducing the vesting period from 12 months of continuous employment to 6 months of continuous employment and allowing providers to use their awards to pay bonuses to their current employees in installments through the end of an extended period of performance?
 - b. Alternatively, to ensure staffing through the Holidays and until supplemental payments to support wage increases are disseminated, extending the deadline for making the bonus payments for at least an additional quarter to March 31, 2023, and allow employers to make payments in installments?
 - c. Allow employees to tie the payment of these performance bonuses to a commitment to remain employed for a specific period of time (this only works if the period for payment is extended).
2. According to the RFA, HCBS provides can include direct care workers who are employed on a part-time basis (less than 32 hours per week) on the basis that DHCF will recognize full-time equivalent (FTEs) in addition to staff who are , individually, employed on a full-time basis as long as other criteria are met. What exactly does this mean? How should employers calculate FTEs?
 3. According to HR specialists, part-time employees are generally classified as either temporary or regular employees. A temporary PT employee is one who is employed on a regularly scheduled basis which is less than full time but equals or exceeds 20 hours per week for a period of not to exceed 90 days. A regular PT employee is employed on a regular schedule basis which is less than 40 hours per workweek but equals or exceeds 20 hours per week for a non-specified period. Part time employees are not the same as On-call employees (OCE). How is DHCF defining a part-time employee? Will OCE employees who do not work a regular schedule be classified as part-time for purposes of this grant? Please be specific.
 4. Given the knowledge that many employers experienced high rates of turnover during the PHE, what was DHCF's rationale for requiring 12 months of continuous full-time employment as a condition of eligibility for an employee?
 5. Knowing that the workforce crisis is on-going, what is DHCF's rationale for not extending the performance period to a future date (i.e. March 31, 2024) to help employers retain existing employees?
 6. Many direct care workers work "on-call" for multiple agencies. According to the RFA, if a worker works for multiple agencies who are applying for the grants, the District will assign the direct care worker to a single agency based upon the hours worked over the months or years in question.
 - a. Could you be more specific about how you intend to do this and when?

- b. Employers generally do not know when an aide is working for another agency or program. How will the employers be notified and when?
 - c. Will employers be informed in advance of the application deadline?
 - d. How will employees be notified?
 - e. Has DHCF considered the impact on the employer who is not the “assigned” employer and therefore, is unable to give the employee a bonus?
7. To be eligible for recruitment bonuses, workers must have 12 months of continuous employment.
- a. How are you defining continuous employment?
 - b. Will employers be able to provide bonus payments to workers who formally took leave under the Family and Medical Leave Act program?
 - c. Do employers have discretion to make bonus payments to workers who have other excused absences (i.e. took a leave of absence because they had no child care during the pandemic but now have returned to work; took a leave of absence because they got sick with COVID but did not take FMLA, etc.).
8. Certified nursing assistants (CNAs) work in HCBS settings including adult day health, assisted living and home health (pursuant to waivers). Yet, CNAs are not listed as eligible workers in the RFA. Please clarify whether CNAs are eligible to receive bonus payments and if not, please explain your rationale for excluding them?
9. Are employers responsible for withholding federal and state taxes on the bonus payments paid to employees?
10. Is DHCF planning any education or outreach to the Direct Care Workforce to let them know about eligibility for the program or are you depending on employers to explain the eligibility requirements to them?
11. DHCF will “pay back” bonus payments made during the performance period for workers who are no longer employed by the agency. Is there a per-capita cap on the amount that will be reimbursed, or will employers be able to receive reimbursement for all of their bonus expenditures during the performance period?
12. Workers who are still employed with the agency must have 12 months of continuous employment to qualify for each bonus payment. Will this same requirement apply to employers who are seeking reimbursement for bonus payments made during the performance period to workers who are no longer employed. That is, to be eligible to be reimbursed for the bonus payment, must the employer show that the worker met the 12 months of continuous employment requirement for each payment that is reimbursed?

13. Will DHCF consider reimbursing providers who provided bonuses to workers in the form of enhanced wages (i.e., \$1.00 extra per shift, a pay differential for working nights or weekends, etc.)?