



Policy: Incentive, Service & Retirement Awards	Effective Date: July 1, 2017
Number: 710-3-006	Reviewed/Revised: July 2022
Authorized By: Jill Remington Love, Executive Director	
Authority: DHRM Rule R477-6-7; State Finance Accounting Policies and Procedures FIACCT's 05-03.06 through 05-03.08	

Purpose

The Department of Cultural and Community Engagement (CCE) is committed to maintaining a work environment that is safe and empowering for employees, and that promotes the individual value of each Department employee.

CCE has developed this policy to assist department administration and division management in the establishment of consistent standards when rewarding employees who demonstrate exceptional effort or accomplishment beyond what is normally expected.

Eligibility

This policy extends to all employees of CCE who are in an active status during the time work is evaluated for incentive awards, with the following exceptions:

- employees with unsatisfactory performance appraisals during the time work is evaluated for incentive
- employees on corrective action during the time work is evaluated for incentive
- employees with disciplinary actions during the time work is evaluated for incentive
- non-benefited employees are only eligible for cash and non-cash incentive awards.

Definitions

Administrative Leave

Leave with pay granted to an employee at management discretion that is not charged against the employee's leave accounts.

Cash Awards

A monetary award as a one-time payment that does not increase the individual's rate of base pay. Cash awards are subject to payroll taxes. Individual awards may not exceed \$4,000 per pay period and \$8,000 in a fiscal year.

Cost-Saving Bonus

An agency bonus to increase productivity, generate savings within the agency, or reward an employee who submits a cost saving proposal.

Incentive Award

Discretionary award given to an employee or group of employees who demonstrated exceptional effort or accomplishment beyond what is normally expected on the job for a unique event or over a sustained period of time.

Market-Based Bonus

A cash award given as an incentive to acquire or retain an employee with job skills that are critical to the state and difficult to recruit in the market. Market-based bonuses include retention bonus, signing bonus, scarce skills bonus, relocation bonus, and referral bonus.

Non-Cash Awards

Non-monetary compensation such as movie tickets or merchandise. Non-cash incentives are not taxable to the employee. Non-cash awards may not consist of gift certificates or gift cards, which are taxable to the employee.

Service and Retirement Awards

Awards in the form of cash or cash-equivalents given for years of service and retirement.

Policy

Incentive awards may include the following:

- Cash Awards and Non-Cash Awards
- Administrative Leave
- Market-Based Bonus
- Cost-Saving Bonus

The following restrictions apply to incentive awards:

- Cash awards shall not exceed \$4,000 per pay period and \$8,000 per fiscal year.
- Non-cash awards shall not exceed a value of \$50 per occurrence and a cumulative annual value of \$200 each fiscal year.
- Each Division Director may award cash incentives consistent with this policy.
- Supervisors may not give incentive awards based solely on an employee's annual performance appraisal rating, even if it is exceptional.
- With CCE Executive Director approval, administrative leave may be granted to a CCE employee by another State agency.
- Only employees or groups of employees who demonstrate exceptional effort or accomplishment beyond that which is normally expected on the job for a unique event or over a sustained period of time may be eligible for this program.
- The funds to compensate employees for incentive awards will come from their respective division budgets. The awarding of all incentives is subject to availability of funds, as determined by the Division Directors in consultation with the Finance Director.
- All awards must be documented, evaluated, and approved consistent with this policy. A copy of each award will be maintained in the individual employee file.

Criteria:

To be considered for an incentive award, performance must meet one of the following criteria:

- Improvement in Department Operations: applied creative ideas, initiative, and leadership, or invested significant time to improve agency functions.
- Statewide Benefits and Public Service: increased or improved public service/safety/health or reduced duplication of statewide efforts. Examples may include: improved interagency data systems, communication, and coordination.
- Cost Savings or Revenue Enhancements within the Department: actions saved significant dollars and/or time and/or improved revenue flow.
- Outstanding Work Effort: exceeded normal job responsibilities and expectations for a unique event or over a sustained period of time.

Categories of Incentive Awards:

The following incentives awards are available to reward employees who meet the criteria as detailed in this policy:

- CLASS I: Cash award between \$100-\$500. This is for performance that has a significant effect gaining efficiency or results in cost-savings or provides significant benefits to the division/department. For example, an employee develops a new procedure, which significantly reduces paperwork, eliminates a form, or uses technology to speed up paper transfers.
- CLASS II: Cash award between \$501-\$1,500. This is for the exercise of leadership and/or initiative beyond that which is required in an individual's assignment; an employee who is willing to meet emergency or unusual deadlines; an employee who accepts and performs assignments not associated with one's regular duties or assignments; or an employee who initiates an increase or improvement of public service or reduces duplication of efforts. For example, a major request for information is received which requires employees across divisions to participate in collecting data and putting it into a coherent format.
- CLASS III: Cash award between \$1,501-\$4,000. This is for exceptional performance or actions that affect great consequences to the division or department and/or have lasting influence. A new administrative process or procedure which results in more efficient services or significant cost savings within the division and/or department, with special attention paid to those process and procedure improvement efforts that relied upon the SUCCESS framework for development.
- Market based bonuses may be given as an incentive to acquire or retain an employee with job skills that are critical to the department and difficult to recruit in the market. Market based cash bonuses are not to exceed \$8,000 in a fiscal year and must be pre-approved by DHRM before being awarded. A copy of the justification must be kept in the employee's personnel file.
- A single payment of up to \$8,000 may be granted as a retirement incentive. Retirement incentives may be offered to employees eligible to retire only when the department has a business need to offer the incentive. A management request for a retirement incentive shall be accompanied by documentation of the work unit(s) affected and any cost savings or other justification, and will be kept in the employee's personnel file.
- Non-cash awards, not to exceed \$50 in value per pay period and no more than \$200 in a fiscal year, as approved by the Division Director, will be based on the following:
 - Administrative leave, rewarded in lieu of cash, may be awarded for justifiable reasons. Only benefited employees are eligible for administrative leave. Administrative leave may be awarded by a division director, the Executive Director or Deputy Director up to 8 hours. Administrative leave in excess of 8 hours may be granted only by the Executive Director or

Deputy Director. Administrative leave as a reward in lieu of cash may not exceed 40 hours in a fiscal year.

- Non-cash incentive awards may include cash equivalents such as admission tickets, caps, shirts, jackets, mugs, key rings, and similar miscellaneous items. CCE's non-cash incentive program is managed through Heritage dollars and the CCE merchandise store. Due to IRS income reporting rules, gift certificates cannot be used as non-cash incentive awards

Service Awards:

Awards will be dispersed twice a year. Employees whose eligibility fall between January 1-June 30 will be paid in June of the same year. Employees whose eligibility fall between July 1-December 31 will be paid in December of the same year.

Service awards will be given to employees in recognition of their years of service, and according to Division of Finance rules and procedures. Service years will be calculated by DHRM records and will include all Executive Branch service. Employees may choose to receive cash or non-cash awards. Cash awards are considered taxable income and must be issued according to IRS requirements.

Cash or gifts for service awards are not to exceed the amount allowed in rules for each five year service increment between 5 and 40 years of service (5=\$50, 10=\$100, 15=\$150, 20=\$200, 25=\$250, 30=\$300, 35=\$350, 40=\$400). A copy of the documentation of the award will be placed in the employee's personnel file.

Retirement Awards:

Retirement awards may be given to honor employees who are retiring, and according to Division of Finance rules. Agencies may use state funds to give retirement awards up to \$200. Awards may be cash or non-cash. Agencies may also supplement gifts with donations from co-workers. A copy of the documentation of the award will be placed in the employee's personnel file.

Approvals

An incentive award nomination must be approved by the CCE employee's supervisor, division director, and the Executive Director if the cash award exceeds \$500 or the administrative leave exceeds one day. The division director's approval indicates there is sufficient available funding for the incentive award.

Administrative leave in excess of one day per occurrence shall be approved by the Executive Director and shall not exceed 40 hours in a fiscal year.

All market-based bonuses shall be approved by DHRM.

Procedure for Cash Awards and Administrative Leave in Excess of 8 Hours

- Nominations will be made using the Department of Cultural and Community Engagement Incentive Award Nomination Form and submitted to the supervisor of the nominated employee. . The form will include a detailed description of the performance, project, activity or event performed by the employee(s) being nominated.
- After receiving the nomination, the supervisor must review the form timely to ensure accuracy, that the nominee's performance is of exceptional effort or accomplishment beyond what is normally expected as defined in the employee's performance management contract, and that it meets the criteria for the award defined in this policy. The supervisor will note his/her recommendation of approval/disapproval and sign the form. If the supervisor disapproves, reason(s) for disapproval will be attached to the form.
- The form is sent to the division director who will timely review and recommend approval/disapproval of the nomination. In order for the award to be considered by the Executive Director, the division director

must recommend approval of the award. The Executive Director will then make the final determination on the award.