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HR 017.00 Employee Bonus Incentive Policy and Procedures

EFFECTIVE: April 24, 2020

APPLIES TO: All South Carolina Department of Health and Human Services

(Department) Workforce Members

POLICY

It is the policy of the South Carolina Department of Health and Human Services (Department) to recognize employees for exceptional performance and other innovative achievements that directly reinforce the Department's mission and goals. Legislation enacted by the South Carolina General Assembly allows the Department to utilize State, Federal and other sources of revenue to reward outstanding employees with lump sum bonuses, not to exceed three thousand dollars (\$3,000) per year, based on objective guidelines. This policy cancels and supersedes the Department's Employee Bonus Incentives Policy and Procedures (HR017.00) issued June 1, 2016.

PURPOSE

The purpose of this policy is to prescribe the objective guidelines and methods by which exemplary employees are rewarded for contributions to the Department. Bonuses are intended to motivate and reward employees whose achievements result in a particular benefit or increased productivity in accordance with the Department's mission and goals.

17.1 General Guidelines

A. The Agency Director or designee is the final authority responsible for approving employee bonuses. The decision to not offer any or all incentive programs lies at the sole discretion of the Agency Director. An incentive program may be **EMPLOYEE BONUS INCENTIVE POLICY AND PROCEDURES**

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discontinued or the amount of the incentives offered may vary for reasons including, but not limited to:

- 1. The variation and availability of funds from year to year; and/or
- 2. The Department's failure in whole or in part to meet established performance standards.
- B. Any dispute arising from the application of these programs will not be considered a grievance or appeal under the State Employee Grievance Procedure Act or the Department's Employee Grievance Policy and Procedures.
- C. The Department's Employee Bonus Incentive Policy and Procedures are administered in accordance with the Department of Administration's Employee Bonus Guidelines.
- D. Employees in full time equivalent, temporary grant and time-limited positions are eligible for bonuses.
- E. Employees may receive multiple bonuses in any fiscal year; however, the total amount of bonuses awarded may not exceed \$3,000 per employee.
- F. Bonus payments are not part of an employee's base salary and are not earnable compensation for purposes of employee or employer contributions to the South Carolina Retirement Systems.
- G. The Agency Director and employees earning \$100,000 or more total compensation annually are not eligible to receive bonuses under this program.
- H. Employees who received any form of disciplinary action in accordance with the Department's Progressive Discipline Policy and Procedures 5.00 within the prior 12-months are not eligible for bonuses under this program, except as allowed by performance-based bonus structures which are approved by the Department Director and tied to metrics-based positions descriptions.
- I. Funding for bonuses must be paid from existing State, Federal or other funds. Temporary grant and time-limited project employee bonuses must be funded by the grant or time-limited project fund.
- J. The Department's Office of Human Resources will monitor the use of all Employee Bonus Incentives and will annually report to the Department of Administration's

State Human Resources Division.

17.2 <u>High Performance Bonus Incentive</u>

- A. One form of The High Performance Bonus Incentive provides an annual bonus incentive to the Department's top performers for outstanding achievement during the rating period based on the Department's Employee Performance Management System (EPMS).
 - *I.* Supervisors must complete employee evaluations within thirty (30) calendar days of the employee's review date, in accordance with the Department's EPMS Policy and Procedures HR016.00.
 - If an employee does not receive an official evaluation rating within thirty (30) calendar days of their established review date, the supervisor will not be eligible for the performance bonus.
 - 3. Employees must have completed at least a 6-month or 12-month review period on or before August 2 annually to be eligible.
- B. Another form of the High Performance Bonus Incentive is a performance-based bonus structure tied to metrics-based positions descriptions that is not subject to the EPMS rating period timeline.
 - *1.* Deputy Directors have the discretion to recommend performance-based bonus structures tied to metrics-based position descriptions.
 - 2. These bonus structures must be approved by the Department Director prior to implementation.
 - 3 Bonuses under this structure may be provided to eligible employees as frequently as every quarter, so long as the employees are evaluated more frequently using management tools other than EPMS, as approved by the Director.
- C. The number of employees receiving the bonus and the amount of the bonus will determined by the objective analysis of meaningful and measurable employee performance evaluations. Statistical analysis and a peer review process will be utilized to ensure consistency and fairness of the High Performing Bonus Incentive procedures.

- Department supervisors are required to participate in a peer review process when completing employee evaluations in order to ensure accountability and meaningful performance evaluation results.
- 2 Each Deputy and Program Director is responsible for ensuring the peer review process has been applied consistently and each evaluation is meaningful and accurate.
- 3. For performance-based bonus structures tied to metrics-based position descriptions, this analysis can be provided and pre-approved by the Department Director as part of the bonus structure approval in B.2. above.

17.3 Process Improvement Bonus Incentive

- A. The Process Improvement Bonus Incentive recognizes and rewards an employee's demonstrated participation in developing and/or implementing process improvements within the Department.
- B. In order to be eligible for this program, employees must have implemented a project within the fiscal year in which the bonus is to be granted. Eligible projects may include, but are not limited to, Lean Six Sigma Green Belt-Certified or Certified Public Manager (CPM) projects.
- C. Nominations for this award may be made by submitting the Bonus Request Document with justification to the Department's Office of Human Resources. All nominations will be reviewed and verified.
- D. Bonus approval criteria may include, but are not limited to, tangible, quantifiable results such as realized time and/or cost savings, satisfactory completion of the project or initiative, documentation of the analysis, decision making and action(s) taken.
- E. The final decisions for the Process Improvement Bonus Incentive will be determined by the Agency Director or designee based upon the nature and complexity of the accomplishment.
- F. Individual awards for this incentive may range from \$250 to \$1,000.

17.4 Employee Referral Bonus Incentive

- A. The Employee Referral Bonus Incentive is an incentive to current employees who bring new talent to the Department by referring applicants who are subsequently selected and successfully employed.
- B. All full-time equivalent, temporary grant and time-limited position employees are eligible to receive a Referral Bonus Incentive.
- C. The applicant must designate the name of the employee who made the formal referral upon submission of their initial employment application. The referral question may be found in the Supplemental Questions section of the employment application.
- D. The following are not eligible to receive a Referral Bonus Incentive:
 - 1. Agency Director;
 - 2. Deputy and Program Directors;
 - 3. Hiring manager/supervisor or others associated with the selection of the Candidate;
 - 4. All Human Resources employees; and
 - 5. Family members as defined by Human Resources Regulations 19-701.06 and Code of Laws §8-13-100 and §8-13-1300.
 - 1. Family member means an individual who is (a) the spouse, parent, brother, sister, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild, or (b) a member of the individual's immediate family.
 - 2. Immediate family is defined as follows:
 - i. A child residing in a public employee's household;
 - ii. A spouse of a public employee; or
 - iii. An individual claimed by the public employee or the public employee's spouse as a dependent for income tax purposes.
- E. Referred candidates cannot be current employees of the hiring agency in any capacity, to include temporary, temporary grant, time-limited project or contract employees.
- F. Both the referring employee and the referred candidate must be employed by the Department when the Referral Bonus Incentive is paid out.

- G. The hiring process will be fair and consistent with the Department's applicable policies and procedures, with no bias for or against candidates whose selection might make another employee eligible for a Referral Bonus Incentive.
- H. The award for the Referral Bonus Incentive is \$500 per employee based on funding availability in the fiscal year and in two payments:
 - 1. \$250 of the Referral Bonus Incentive will be awarded to the referring employee after the new employee completes his/her first 90 days of employment from the hire date;
 - 2. \$250 of the Referral Bonus Incentive will be awarded to the referring employee after the referred candidate receives a "Meets Expectations" or higher rating on their first EPMS evaluation with the Department.

If the new employee fails to meet either milestone, the amount of the Referral Bonus Incentive will be reduced accordingly.

I. Referral Bonus Incentives will be awarded at the discretion of management with the Agency Director or designee having final approval authority.