

## Referral Incentive Guidelines

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**Related Rule/Statute:** R2-5A-403. E. Variable Pay

**Issued:** December 20, 2012

**Effective:** December 20, 2012

**Applicability:** Uncovered employees, Correctional Officers 1-3, Community Correctional Officers

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### Description

In accordance with these guidelines, an agency head may provide a lump sum incentive payment to an employee who refers a job applicant who is successfully employed into a critical, hard to fill position.

### Eligibility

- Employees who have been involuntarily demoted or suspended during the most recent performance rating period are not eligible for a Referral Incentive.
- Employees must have received a “Meets Expectations” rating or better on each rating factor on their most recent performance review using MAP (the State Personnel System evaluation tool) to be eligible for a Referral Incentive.
- Executive positions, elected officials, agency heads appointed for a fixed term of office, interns, pool, or per diem employees are not eligible for a Referral Incentive.
- Employees in positions whose regular responsibilities include recruitment or hiring functions are not eligible for a Referral Incentive.
- Employees in a direct line reporting relationship to the referred employee (e.g. the supervisor of the referred employee) and family members are not eligible for a Referral Incentive.

### Requirements

- Referral Incentives are subject to available funding and must be within the agency’s appropriation.
- Referral Incentives shall be provided without regard to political affiliation, race, color, national origin, sex, age, disability or religious creed.
- Agencies intending to implement a Referral Incentive Program must submit a plan for ADOA approval prior to implementation.
- An agency head shall report to the Director of ADOA on the utilization of all variable pay strategies utilized in the previous fiscal year, no later than September 1<sup>st</sup> of each year.
- Incentives will be included in the calculation of the overtime rate and may require agency payroll to recalculate overtime earned during the payout period

## **Administration**

Referral Incentives are subject to a maximum of \$1,000 and shall only be distributed after the referred employee has completed at least 6 months of employment. The amount may be paid in installments or in one lump sum, based on the agency's plan. No employee shall receive more than \$3,000 in Referral Incentives in a fiscal year.

## **Plan Components**

Agencies planning to implement a Referral Incentive plan for ADOA approval shall address the following components:

- **Eligibility:** The agency shall identify any categories of employees that may not be eligible (e.g. temporary or seasonal employees, executive level positions, etc.)
- **Classifications and Incentives:** The plan shall describe the classifications that are requested to be eligible for a Referral Incentive and the desired incentive amount for each classification. For each classification requested, the agency shall provide supporting evidence of difficulty in filling vacant positions or the rare skill sets that the classification requires.
- **Payment Schedule:** The plan shall describe and define the timing of distribution of payments; no payments may be made until the referred employee has completed at least six months of employment.
- **Communication:** The plan shall describe how the agency intends to communicate the plan to their employees.

## **Review Process**

Agencies shall submit a draft plan to ADOA for review no later than six months prior to the desired implementation date (i.e. plans are due January 1<sup>st</sup> if the desired implementation date is July 1<sup>st</sup>). If changes are necessary, consultation with the agency will occur. A final draft of the plan shall be submitted to ADOA no later than eight weeks prior to the desired implementation date. Approval of an agency's plan shall be for no longer than a one-year duration. The agency shall submit a plan for each year the agency intends to participate in a Referral Incentive plan.

## **Reporting Requirements**

Upon plan approval, agencies may administer their Referral Incentive plan without further review by ADOA. At the end of each fiscal year, participating agencies shall submit a report to ADOA by September 1<sup>st</sup>. The report shall include:

- A brief paragraph describing how the agency is using the Referral Incentive plan to support the organization's goals or strategic direction.
- A list of the employees that received a Referral Incentive, the employees that were referred, and the specific amount of incentive awarded.
- Key information for each employee on the list including employee name, current base salary, job description, etc.

- The organizational impact experienced as a result of the implementation of the strategy, including impact on retention of high performing employees, employee satisfaction, employee engagement, turnover, etc.