

Spot Incentive Guidelines

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

Description

In accordance with these guidelines, an agency head may provide a one time, lump sum incentive payment to employees, teams, work units, and/or divisions “on the spot” for an extraordinary achievement, or moment of extraordinary individual or group performance that results in efficiency, cost savings or improved productivity.

Eligibility

- Employees who have been involuntarily demoted or suspended during the most recent performance rating period are not eligible for a Spot 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) unless the Agency Director notifies ADOA in writing of justification for waiving the performance evaluation eligibility requirement to be eligible for a Spot Incentive.
- Elected officials, agency heads appointed for a fixed term of office, interns, pool, or per diem employees are not eligible for a Spot Incentive.

Requirements

- Spot Incentives are subject to available funding and must be within the agency’s appropriation.
- Spot Incentives shall be provided without regard to political affiliation, race, color, national origin, sex, age, disability or religious creed.
- Agencies intending to implement a Spot Incentive Program shall 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 1st of each year.
- Spot Incentives generally will not be included in calculation of the overtime rate, provided the agency does not commit or identify ahead of time that an employee or group will receive an incentive

Administration

Spot Incentives may be any dollar amount up to 10% of an employee's annual base salary with a maximum amount of \$2,000 per employee per fiscal year. An agency head may choose to implement lesser amounts than indicated, as provided in the agency's plan.

Plan Components

Agencies planning to implement a Spot 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).
- **Criteria:** The plan shall describe the criteria for receipt of a Spot Incentive, including examples of situations/projects that would qualify. Agencies may also wish to clarify examples of situations/projects that would not qualify for a Spot Incentive.
- **Participation:** The plan shall limit the total participation of recipients. Spot Incentives are intended to recognize extraordinary events, and as such, only a limited number of employees should receive an incentive. Agencies shall delineate guidelines and procedures in their plan that limits participation to no more than 20-25% of eligible employees.
- **Tiers:** Agencies are encouraged to establish different levels of incentives, for different types or degrees of achievements. Incentive amounts should be commensurate with the level of efficiency gain, cost savings or productivity improvement. In addition, agencies may wish to designate varying levels of authority for distribution of Spot Incentives (e.g. Supervisors may have authority to distribute up to \$50, Managers up to \$100, Assistant Directors up to \$300, etc.)
- **Distribution Targets:** The intent of providing Spot Incentives is to motivate the workforce, and in general should be targeted toward the employee base and not focused on the upper ranks of the organization. Agencies may wish to delineate goals of selecting recipients of Spot Incentives, for example perhaps a ratio of 1:4 of managers to employees.
- **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 1st if the desired implementation date is July 1st). 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 Spot Incentive plan.

Reporting Requirements

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

- A brief paragraph describing how the agency is using the Spot Incentive plan to support the organization's goals or strategic direction.
- A list of the employees that received a Spot Incentive and the specific amount of increase 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.