

Department of Health (DOH) Response Regarding Incentive Award Information

December 2015

1. What are your policies for granting incentive awards? We follow all DHRM rules regarding personnel issues (specifically Rule R477-6-7 in this case for incentive awards). In addition, Health has our policy 08.07 (attached).
2. How much of the spending was from the General or Education Fund? See attached spreadsheet which shows the approximate GF by appropriation unit.
3. What is “special bonus pay” and what are the policies to grant it? Special Bonus Pay refers to bonuses given to people who are at the maximum of the range or in longevity when a general increase has been given. DHRM policies are followed.
4. **Health**
 - a. Explain your market incentive payments Lori Mau received a retention bonus because of her skills in epidemiology evaluation. She was considering employment with another company but it was crucial to keep her through the duration of the start up of the new grant cycle. The Governor's Office gave David Patton a \$5000 bonus each year he served as executive director in lieu of a salary increase. That year he received the previous year's late and then the received one for the current year. That is why he got \$10000 in one year. The Governor's Office is exempt from DHRM rules which cap the amount per occurrence and per year.

Row Labels	Incentive Award	Service Award	Special Bonus Pay	Market Incentive	Grand Total	General Funds
LAA	500	200		10,000	10,700	5,350
LAE	8,000	1,450	731		10,181	3,543
LHG	4,000	350	4,761		9,111	7,638
LGJ	2,500	1,250	5,262		9,012	1,417
LFA	5,500		1,754		7,254	4,631
LAF	4,200	650	1,128		5,978	2,989
LEJ	3,200	500		2,000	5,700	627
LFG	4,000	400	877		5,277	852
LFF	-	2,250	2,401		4,651	426
LEH	500	1,650	2,443		4,593	827
LGE		100	4,030		4,130	672
LHL	1,000	200	2,380		3,580	358
LEK	2,400	250	522		3,172	2,855
LGA	2,000	750			2,750	609
LGF		2,000	668		2,668	569
LGC	500	2,100			2,600	553
LGB	1,300	400	877		2,577	431
LED	250	1,800	251		2,301	736
LFH		1,050	1,190		2,240	582
LEA		250	1,148		1,398	1,203
LPA			1,023		1,023	53
LJA			1,002		1,002	251
LFB		100	898		998	-
LFD		600	188		788	28
LFJ	100	550			650	344
LGD		600			600	71
LAG		500			500	200
LQA		350			350	350
LFE		100			100	36
Grand Total	39,950	20,400	33,533	12,000	105,883	38,199

STATE OF UTAH HEALTH DEPARTMENT	Number: 08.07		Page: 1 of 5
	Original Issue Date: 12/2006		Last Review: 1/13/2015 Next Review: 1/2020
POLICIES & PROCEDURES	Authorized By: W. David Patton		
Section: HUMAN RESOURCES	Subject:	Incentive Awards, Bonuses and Administrative Salary Increases	

A. PURPOSE:

1. The Incentive Awards, Bonuses and Administrative Salary Increases (ASI) Policy provides authorization and guidelines for providing incentive awards, bonuses or administrative salary increases based on employees demonstrating exceptional innovation, customer service, leadership, cost saving measures, outstanding performance of job duties, or for the agency to retain an employee with job skills that are critical to the Department or difficult to recruit in the market.
2. This policy is in compliance with DHRM Rules and State Finance Policies and Procedures for providing incentive awards, bonuses or ASI's.

B. DEFINITIONS:

1. Incentive Award – Recognition of specific individual/team/group accomplishments that exceed those normally expected in one or more areas of consideration.
2. Temporary employee – For the purpose of the incentive award program, a temporary employee is defined as an employee filling a time-limited position without State benefits.
3. Bonus – An award issued to an employee for market-based or cost savings reasons based on special circumstances determined by the HR Committee for the Utah Department of Health (UDOH).
4. Administrative Salary Increase (ASI) – An increase in the current actual wage.
5. Human Resource (HR) Field Office – The Department of Human Resource Management's office located in the Utah Department of Health.

C. ELIGIBILITY:

1. Any individual, group, or team of employees of the Department is eligible to receive an incentive award except as noted in section C. 3 and 4.
2. Temporary employees may receive incentive awards up to \$500.

3. Employees who do not receive benefits cannot receive administrative leave.
4. Employees currently on a performance improvement plan, or who have received disciplinary action within the last year, are not eligible to receive an incentive award, with the exception of a service award or retirement award.

D. TYPES OF INCENTIVE AWARDS:

1. Certificates of commendation issued by Executive Director or division/office directors.
2. Cash awards for individuals, groups, or teams.
3. Market-based or cost savings bonus awards for individuals.
4. Service awards to recognize years of service in accordance with policy FIACCT 05-03.07 issued by the Department of Administrative Services, Division of Finance.
5. Retirement awards to honor employees who are retiring in accordance with policy FIACCT 05-03.07 issued by the Department of Administrative Services, Division of Finance.
6. Administrative leave.
7. A combination of the Types of Awards (i.e., certificates, administrative leave and/or cash).

E. CRITERIA:

1. Each division/office may use 0.5 percent of its personnel services budget to award ASI's and incentive awards. Up to five (5) percent of the division/office staff may receive ASI's and up to twenty (20) percent of the division/office staff may receive cash incentives.
2. Cash incentive and bonus awards may not exceed \$4,000 per pay period and \$8,000 per state fiscal year per person, except when approved by DHRM and the Governor.
3. Administrative leave awards may not exceed 40 hours per state fiscal year per person.

F. GUIDELINES:

1. Incentive awards and administrative leave awards may be issued to an employee for one or more of the following reasons:
 - a. High level, sustained, exceptional performance of duties above that normally expected as part of their performance plan;
 - b. Exceptional customer service;
 - c. Innovative ideas that are adopted by the program, bureau, division or

- Department;
- d. Identification of cost-saving measures that significantly impact the operating budget; and/or
 - e. Outstanding project contribution or exceptional employee performance that is recognized outside of the Department and/or draws positive public attention.
 - f. Service awards and Retirement awards in accordance with policy FIACCT 05-03.07 issued by the Department of Administrative Services, Division of Finance.
2. Bonuses may be issued to an employee for one or more of the following reasons:
- a. Retention Bonus:
 - i. A bonus awarded to an employee who has unusually high or unique qualifications that are essential for the agency to retain.
 - b. Recruitment or Signing Bonus:
 - i. A bonus awarded to a qualified job candidate to convince the candidate to work for the agency.
 - c. Scarce Skills Bonus:
 - i. A bonus awarded to a qualified job candidate with the scarce skills required for the job.
 - d. Referral Bonus:
 - i. A bonus awarded to a current employee who refers a job applicant who is subsequently selected and is successfully employed for at least six months.
 - e. Relocation Bonus:
 - i. A bonus awarded to a current employee who must relocate to accept a position in a different commuting area.
 - f. Cost Savings Bonus:
 - i. A bonus awarded for a cost savings proposal that results in increased productivity or generates savings.
3. Administrative Salary Increases (ASI) may be issued to an employee for one or more of the following reasons:
- a. Address equity issues;
 - b. Reward high levels of performance;
 - c. Compensate an employee for permanently taking on new duties; and/or
 - d. Support other unique situations or considerations.

G. PROCEDURES:

1. General Procedures for Incentive Awards
 - a. Nominator(s)
 - i. An incentive award nomination may be initiated by any Department employee(s) or individual(s) outside of the Department who has (have) direct knowledge of the achievement of the employee(s) being nominated.
 - ii. Incentive award nominations shall be submitted on the incentive award nomination form for each nominee to the HR Field Office and

must include written justification. Forms are available on the Department website (DOHnet).

- b. Specific Award Descriptions and Guidelines
 - i. Level I Incentive Awards - \$100 - \$1,000
 - (a) Level I incentive awards may be issued for no less than \$100 per employee, per event.
 - (b) The nomination shall identify the reason for the incentive award and align with the criteria outlined in section F.1. a., b. and c. of this policy.
 - (c) The funding source(s) shall be included on the Level I incentive award nomination form.
 - (d) Division/Office Directors shall sign all Level I approved incentive awards.
 - ii. Level II Incentive Awards – over \$1,001 to \$4,000.
 - (a) Level II incentive awards may be issued up to \$4,000 per pay period not to exceed \$8,000 per state fiscal year.
 - (b) The nomination shall identify the reason for the incentive award and align with the criteria outlined in section F.1.d. and e. of this policy.
 - (c) The funding source(s) shall be included on the Level II incentive award nomination form.
 - (d) Division/Office Directors shall sign all Level II approved incentive award nominations.
 - (e) All Level II incentive awards are subject to the approval of the Executive Director or designee.
- a. All cash incentive awards are considered taxable income to the employee.
- b. Inappropriate Use of Incentive Awards:
 - i. Incentive awards shall not be used to compensate employees for routine performance of duties, incidental favors, or in reciprocation for an award from another employee.
- c. Once a cash incentive award has been approved, the incentive award nomination form shall be submitted to the HR Field Office for submission to payroll and filing in the employee's personnel file.
- d. The HR Field Office will generate quarterly reports for each division/office to track award justification and appropriate use of the program for audit purposes.

2. Bonuses

- a. The nomination requests for bonuses must identify the reason for the bonus and align with the criteria outlined in Section F.2. of this policy and include a cost/benefit analysis.
- b. A nomination shall be submitted for each nominee to the division/office director for approval.
- c. The division/office director may approve the bonus.
- d. If the bonus nomination is approved by the division/office director, the nomination is to be submitted to the HR Field Office.
- e. The HR Director will submit the approved bonus nomination to the Human Resource Committee for approval.

- f. All approved bonus nominations from the Human Resource Committee are subject to the approval of the Executive Director and the Department of Human Resource Management.
- g. Once the bonus has been formally approved, the bonus award nomination shall be submitted to the HR Field Office for entry in the payroll system and to be filed in the employee's personnel file.
- h. The HR Field Office and the Office of Fiscal Operations will generate a quarterly report for each division/office to track award justifications and appropriate use of this program for audit purposes.

3. Administrative Leave as an incentive award

- a. Administrative Leave award nominations shall be submitted in a memo outlining the criteria for the administrative leave as outlined in section F.1.
- b. Division/Office Directors shall sign all approved administrative leave award nominations.
- c. Administrative leave incentive awards are subject to the approval of the Executive Director.
- d. Employees shall submit a copy of the approved incentive administrative leave award to their supervisor by the end of the pay period when it is used.
- e. The supervisor shall submit the approved incentive administrative leave document to the HR Field Office to be placed in the employee's personnel file.
- f. The supervisor is responsible for ensuring the incentive administrative leave is used appropriately and for approving the administrative incentive leave award in ESS.

4. Administrative Salary Increases (ASI)

- a. The employee's supervisor or another member of the employee's management team shall submit a written request for the ASI to the HR Field Office. The request shall contain the following in accordance with DHRM Rule R477-6-4(9) and Section F. 3 of this policy.
 - i. Justification explaining the reason for awarding the ASI;
 - ii. Amount of ASI as a percentage or salary rate;
 - iii. Effective date of the ASI; and
 - iv. Division Director approval.
- b. The HR Field Office will review the request for compliance with DHRM Rule and UDOH Policy.
- c. The HR Field Office will enter the approved ASI in the HR system and place a copy of the approved ASI in the employee's personnel file.
- d. The HR Field Office will maintain a log of ASIs.

H. EXCEPTION:

- 1. Exceptions to this policy for ASI's that exceed or are outside of the ASI allotment for a division/office may be considered on a case by case basis for extenuating circumstances or exceptional cases where executive administration believes there is a need to make an exception to correct a problem, in order to create fairness, or to retain an employee with exceptional or difficult skills to replace.