



Policy Title	<b>Referral Bonuses</b>
Effective Date	March 7, 2022
Supersedes	All existing agency-specific policies regarding referral bonuses.
Approval	 State Personnel Director
References	26 U.S.C. § 127 29 U.S.C. § 8 29 CFR §778.211

## PURPOSE

To encourage current state employees through financial incentives to refer talented applicants for vacant state positions.

## SCOPE

This policy applies to all agencies and employees under the authority of the Governor and Lieutenant Governor.

## POLICY STATEMENT

Recruiting talented people to public service enables the delivery of great government service. In addition to traditional recruiting methods, current state employees can play a key role in the state's talent acquisition strategy. This is because state employees are often well-positioned to recommend a candidate to their agency, and their agency to a potential candidate, based on their knowledge of their agency's culture, employees, leadership, and work product. To encourage employee involvement in recruiting talented applicants, the state will offer a financial incentive for successful referrals.

## DEFINITIONS

**Referred Candidate:** A person who is referred to an agency by a Referring Employee. This does not include the following:

- A current employee or contractor of the State of Indiana;

- An individual who has worked as an employee or contractor for the hiring agency in the 12 months prior to hire; or
- An individual who has submitted an application to the hiring agency in the prior 6 months.

Referring Employee: A full-time, part-time, or intermittent employee who refers a candidate to a vacant position within their employing agency. This does not include the following:

- Appointing Authorities or anyone who reports directly to an Appointing Authority;
- Employees whose regular, recurring job responsibilities include the recruitment of employees for the hiring agency; or
- Hiring managers who are directly or indirectly responsible for the selection or management of the Referred Candidate;

Referral Bonus Award: A cash award given to an eligible Referring Employee for referring a qualified candidate to their employing agency. Gross bonus amounts are as follows:

- \$500 for each Referred Candidate hired for a full-time position;
- \$250 for each Referred Candidate hired for a part-time position; and
- \$100 for each Referred Candidate hired for an intermittent position.

## ELIGIBILITY

A Referring Employee will receive a referral bonus for each Referred Candidate if the following conditions are met:

- The Referring Employee must be employed by the same agency hiring the Referred Candidate.
- The Referring Employee must have submitted a completed Referral Bonus Form for the Referred Candidate prior to the date they begin work.
- The Referred Candidate must not be a current state employee or have been a state employee in the twelve months preceding their hire date.
- The Referred Candidate must remain employed with the hiring agency for six months (or for seasonal positions, the end of the season) and be performing satisfactorily at the conclusion of that six-month period.
- The Referring Employee must be a state employee at the end of the Referred Candidate's retention period.

Only one referral bonus may be issued per candidate.

## RESPONSIBILITIES & PROCEDURES

Referring Employees are responsible for:

- Submitting a completed Referral Bonus Form prior to the Referred Candidate's first day of employment;
- Providing any information the hiring agency requires to verify the eligibility criteria for a referral bonus; and
- Remaining employed for six months following the hire date of the Referred Candidate.

Appointing Authority or Designee(s) are responsible for:

- Communicating to employees the availability of Referral Bonus Awards;
- Developing a process within the agency for receiving, processing, and approving or denying requests for referral bonuses. An internal process would include identifying the staff member(s) or department(s) responsible for:
  - Verifying the referral, upon receipt of a Referral Bonus Form, with the Referred Candidate following an accepted offer of employment;
  - Making a determination regarding eligibility for a referral bonus;
  - Communicating the determination to the Referring Employee and providing them with a copy of the completed form with approval signatures;
  - Informing the appropriate agency finance staff when referral bonus eligibility has been met and the bonus should be paid;
  - Coding referral bonuses using the appropriate account in the state's payroll system;
  - Properly calculating any overtime paid during the pay period in which the referral bonus is issued (pursuant to the FLSA's requirements for non-discretionary bonuses); and
  - Reporting on the availability and use of funds for requests under this policy as requested by the State Budget Agency.

The HR Representative is responsible for:

- Working with Agency Leadership to assess eligibility; and
- Maintaining a copy of any completed Referral Bonus Form and approval in the employee's and applicant's personnel files.

The Indiana State Personnel Department (INSPD) is responsible for:

- Monitoring the use of referral bonuses statewide and the program's effectiveness; and
- Interpreting this policy and advising agencies on adoption of their own processes to effectuate this policy.

The State Budget Agency is responsible for:

- Working with hiring agencies to ensure all eligible referral bonuses are funded; and
- Working with INSPD to evaluate the effectiveness of this program.

**FORMS**

[53041 Referral Bonus Program Form](#)

-----END-----