



STATUTORY AUTHORITY FOR STATE EMPLOYEE BONUSES

This memorandum provides information regarding state employee bonus programs authorized in North Dakota Century Code and North Dakota Administrative Code.

PERFORMANCE BONUS PROGRAM

Summary

Performance bonuses are authorized by North Dakota Century Code Section 54-06-30 ([Appendix A](#)). The section provides state agencies may pay bonuses if the agency has had a written employee performance evaluation policy in place for more than one year before paying the bonus, the written employee performance evaluation policy has at least three levels of performance criteria, and the agency performance bonus program adopted is a written policy that is communicated to each employee in the agency.

An employee is eligible to receive a performance bonus if the employee has held a position in state government for at least one year and the employee's overall annual performance evaluation satisfies the agency's performance bonus program criteria.

An employee may not receive more than one performance bonus each fiscal year and may not receive more than \$1,500 in bonuses each fiscal year. Funding for the performance bonus program must be provided from within each agency's salaries and wages budget.

History

Section 54-06-30 was created in House Bill No. 1119 (2001), which limited performance bonuses to \$1,000 per biennium to classified employees. The bill provided agencies may not pay performance bonuses to 25 percent or more of its classified employees. Section 2 of the bill included an expiration date of June 30, 2005.

House Bill No. 1093 (2003) amended Section 54-06-30 to authorize nonclassified employees to receive performance bonuses and removed the June 30, 2005, expiration date.

House Bill No. 1030 (2009) amended Section 54-06-30 to allow employees to receive performance bonuses of \$1,000 each fiscal year rather than each biennium. The bill also authorized agencies to receive approval from the Human Resource Management Services Division of the Office of Management and Budget to pay 25 percent or more of the agency's employees. Human Resource Management Services was required to report any approved requests to the Budget Section.

Senate Bill No. 2015 (2019) amended Section 54-06-30 to increase the allowable performance bonus award from \$1,000 to \$1,500 each fiscal year and removed all requirements related to agencies providing bonuses to 25 percent or more of its employees.

RECRUITMENT, RETENTION, AND REFERRAL BONUS PROGRAMS

Summary

Recruitment and retention bonuses are authorized by Section 54-06-31 ([Appendix B](#)). The section provides state agencies may develop programs to provide bonuses to recruit or retain employees in hard-to-fill occupations, which is considered an occupation or position in which:

- Demand exceeds supply;
- Special qualifications are required;
- Competition with other employers is the strongest;
- There is a risk of losing an incumbent with rare skills;
- The position is filled by a highly skilled employee who is in high demand in the marketplace;

- Loss of the employee would result in significant replacement costs;
- The position is filled by key personnel; or
- The position has other unique recruitment or retention issues identified and documented by the agency.

The agency must have a written policy identifying positions or occupations eligible for recruitment or retention bonuses. The agency must submit a copy of the policy and a report regarding all recruitment and retention bonuses provided to Human Resource Management Services. Funding for recruitment and retention bonus programs must be provided from within each agency's salaries and wages budget.

History

Section 54-06-31 was created in House Bill No. 1120 (2001), which provided only classified positions could receive recruitment and retention bonuses. Section 2 of the bill included an expiration date of June 30, 2003.

House Bill No. 1093 (2003) amended Section 54-06-31 to authorize nonclassified employees to receive recruitment and retention bonuses and removed the June 30, 2003, expiration date.

House Bill No. 1031 (2009) amended Section 54-06-31 to define a hard-to-fill occupation.

North Dakota Administrative Code

North Dakota Administrative Code Section 4-07-02-19 provides a recruitment bonus may be provided by an agency if the employee receiving the bonus was not employed by a state agency immediately preceding employment with the hiring agency, except when a recruitment bonus is provided to an employee for a referral program outlined in the agency's recruitment policy. The section became effective July 1, 2004.

Section 4-07-02-20 provides a retention bonus may be given as an incentive to retain an employee in state government unless the employee is leaving to work for another state agency. The section became effective July 1, 2004.

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