

Employee Bonuses

Resources:

- State Finance Accounting Policies and Procedures 5-03.06
- Courts Human Resources – [HR06-7 Incentive Awards and Bonuses](#)
- See [Section 13-01.00 Budget Management](#)
- See [Section 01-01.00 Records Retention](#)

Purpose:

This policy explains the annual budgeting and allocation of employee bonuses. **Employee Bonuses** originate from one-time savings (primarily turnover savings) and are authorized by the Judicial Council based on recommendations from AOC Finance on the amount of forecasted one-time savings that can safely be paid without jeopardizing the amount of legislatively authorized carry forward savings. If the amount is materially higher or lower than the prior year, the Administrators, TCEs and HR consult on communicating the causes to all non-judicial employees.

There are 3 types of employee payments that come from one-time savings: This policy deals with Performance and Hotspot Bonuses. The third type, Employee Incentives is discussed in Section 19-01.00.

Performance Bonuses

1. Performance bonuses are payments paid based on completion of milestones in performance expectations. Performance bonuses generally are the largest type of one-time compensation payments that can be given to non-judiciary employees. Performance bonuses are authorized by the Judicial Council by request from the State Court and Deputy State Court Administrators and funded from 1x Turnover Savings. Payment of Performance Bonuses is a critical piece of the Court's compensation strategy. However, request amounts may vary year to year depending on the (1) amount of 1x Turnover Savings and (2) the competing demands for those funds.
2. The methodology to allocate these funds between the Districts and AOC is determined annually via discussions with the TCEs and the Administrators (Court-level and State). Documentation from an AOC Director or TCE is required before granting a Performance bonus. The documentation provides justification for the award and the requested amount. The documentation template is located in the HR website [here](#) and should be saved to the recipient's HR file in HRIS. Performance bonuses are subject to management review.
3. Individual bonuses from this pool should not exceed \$8,000 per person in any fiscal year (see [HR Policy 06-7](#) Incentive Awards and Bonuses for exceptions to this policy).

Hotspot Bonuses

4. These payments are bonuses requested from the Administrators and paid from one-time funds delegated to the Administrators by the Judicial Council to cover specific contingent situations. The annual amount available for Hotspot bonuses is \$250,000 (which includes the 32% gross up for retirement contributions and employer payroll taxes).
5. Requests to pay Hotspot bonuses require memos to the Deputy State Court Administrator from a TCE or AOC Director explaining the reasons for requesting the bonus and a specific requested amount. The documentation template is located in the HR website [here](#) and should be saved to the recipient's HR file in HRIS.
6. Hotspot bonuses include but are not limited to :
 - a. "battlefield" assignments (such as leading a department while the search for a replacement candidate is conducted) and are usually addressed with a temporary pay adjustment until the assignment ends. These bonus payments may be paid weekly as an increase in per-hour rate or in a lump sum at the end of the assignment. The amount of temporary bonus pay is generally no more than 10% of the salary of the person receiving the battlefield assignment.
 - b. e payments to recruit candidates or retain current employees with specialized skills.
 - c. payments for superior performance that occurs outside of the performance expectation but within the confines of an existing position where the demands expand due to unexpected external events or special projects. The unexpected extra demands from the pandemic on some positions are an example of this type of situation. For the first year of the pandemic, the pandemic was not part of anyone's annual performance expectations. For year 2 of the pandemic, performance expectations would be made inclusive of the pandemic and achievements would be rewarded through a Performance bonus.
7. Excess funds in the Hotspot bonus pool may be added to the Performance bonus pool or otherwise used as directed by the State level Administrators before year end. Individual bonuses from this pool should not exceed \$8,000 per person in any fiscal year ([see HR Policy 06-7](#) Incentive Awards and Bonuses for exceptions to this policy).

Policy and Procedure:

Performance Bonuses

1. Performance bonuses may be paid any time during the fiscal year after funding is authorized by the Judicial Council. Based on the allocation model chosen by the TCEs and Administrators for the FY, Districts and AOC Directors will be given amounts to use for Performance bonuses. These funds must be used before the last payroll of the FY. Funds not used will lapse into the carryforward budget. Refer to [Human Resources Policy 06-7](#) Incentive Awards and Bonuses for annual limits.
2. Performance bonuses are subject to management review. Upon request, reviewers should be given documentation to support the Performance bonuses
3. Once reviewed and approved by the appropriate level of management, the direct supervisor should draft an Award letter to give to the employee and upload a copy to HRIS.
4. Performance bonuses will be paid as part of the regular payroll and will be processed by AOC Finance. The AOC Finance Budget Officer should be given a worksheet showing:
 - a. District/AOC Department name
 - b. what Performance bonus funds were allocated for the year,
 - c. what Performance bonus payments have already been made FY YTD,
 - d. the current request for payment by person with employee ID and

- e. the balance remaining in Performance bonus funds.
- f. This worksheet should be accompanied by evidence of management review.
- 4. The cost of a Performance bonus will be higher than the amount of the bonus itself because of salary driven benefits. The cost of salary driven benefits for Performance bonuses is approximately 32% of the bonus itself. To estimate the cost of a Performance bonus, take the bonus amount and multiply it by 1.32. The total cost of payments inclusive of the salary driven benefits may not exceed the gross funds allocated to the District/AOC Department.
- 5. Performance bonuses are subject to Federal and State withholding which may be at a higher percentage rate than normal payroll. Any employee who wants to adjust their withholding to reduce the amount withheld may do so in ESS.

Hotspot Bonuses

- 6. Hotspot bonuses will be paid as part of the regular payroll immediately after authorization by the State-level administrators.
- 7. Hotspot bonuses require State or Deputy State Court Administrator approval. It is strongly recommended that the pertinent Court-level administrators also review the request. Upon request, reviewers/approvers should be given copies of the support for the bonus. Support should be uploaded into the HRIS file of any employee who receives a Hotspot bonus.
- 8. Once reviewed and approved by the appropriate level of management, the direct supervisor should draft an Award letter to give to the employee and upload a copy to HRIS.
- 9. Hotspot bonuses will be paid as part of regular payroll and processed by AOC Finance. The AOC Finance Budget Officer should be given a worksheet showing:
 - g. District/AOC department name
 - h. Recipient employee ID and name
 - i. Hotspot bonus amount (not grossed up)
 - j. Documentation showing approval of State or Deputy State Court Administrator
- 10. The cost of a Hotspot bonus will be higher than the amount of the bonus itself because of salary driven benefits. The cost of salary driven benefits for Hotspot bonuses is approximately 32% of the bonus itself. To estimate the cost of a Hotspot bonus, take the bonus amount and multiply it by 1.32.
- 11. Refer to [Human Resources Policy 06-7](#) Incentive Awards and Bonuses for annual limits.
- 12. Hotspot Bonuses are subject to Federal and State withholding which may be at a higher percentage rate than normal payroll. Any employee who wants to adjust their withholding to reduce the amount withheld may do so in ESS.

	Employee				
	Incentive Awards	Bonuses		Raises	
		Hotspot	Performance	Hotspot	Performance
Funded by	Carryforward requests to JC	1x Turnover savings ¹	1x Turnover savings ¹ requests to JC	Ongoing TOS ²	Ongoing TOS ² requests to JC
Allocated by	FTE	No allocation - Request to Administrators ³	TCEs – Administrators' decision	No allocation – Request to Administrators ³	TCEs - Administrators' decision
Approval	TCE/AOC Designee	Administrators, HR/Finance	Subject to management review	Administrators, HR/Finance	Subject to management review
Documentation	Recipient log ⁴	HR file	HR file	HR file	HR file
Payment Time	Anytime	Anytime	Anytime	Anytime	FY-Q4

1. \$250,000 max per year

2. \$200,000 max per year

3. Administrators (i.e., State Court Administrator & Deputy State Court Administrator)

4. See 19-01.00 (Employee Incentives)