

	STANDARD OPERATING PROCEDURE <small>State Form 39870(R/ S- 06)</small>	Reference Number HMR-039
	Subject Referral Bonus	
	Special Instructions Replaces HMR-039 dated March 7, 2022	Effective Date March 10, 2026

I. PURPOSE

Establish guidelines to encourage current Department employees through financial incentives to refer talented applicants for vacant Department positions.

II. POLICY

In addition to traditional recruiting methods, current Department employees can play a key role in our talent acquisition strategy. To encourage employee involvement in recruiting talented applicants, the Department offers a financial incentive for successful referrals.

III. DEFINITIONS

A. REFERRAL BONUS** - A cash award given to an eligible Referring Employee for referring a qualified candidate to the Department.

**Note – This amount is set by State Personnel Department and subject to approval by the Budget Agency. The current bonus amount is \$500.00 but is subject to change or cancellation without notice. This bonus is limited to only one Referring Employee per Referred Hire. If multiple referrals were given, the Human Resources Director shall make a recommendation on who should receive the bonus. The bonus shall not be split between individuals.

B. REFERRING EMPLOYEE – A Department employee who is responsible for the referral/recruitment* of a candidate to a vacant position within the Department following the outlined procedures below. This does not include the following:

1. The Superintendent or Colonel;
2. Employees whose regular, recurring job responsibilities include the recruitment of employees for the hiring agency; or
3. Commanders who are directly or indirectly responsible for the selection or management of the Referred Candidate.

Note – An endorsement for a position is not the equivalent of a referral/recruitment.

C. REFERRED HIRE - A person who applies and is hired to the Department after being referred to a vacancy by a Referring Employee. This includes both vacancies for both matrix and non-matrix positions. This does not include the following:

1. A current employee or contractor of the State of Indiana;
2. An individual who has completed a Department sponsored internship, worked as an employee or contractor for the Department in the 12 months prior to hire; or
3. An individual who has submitted an application to the Department in the prior 6 months.

IV. PROCEDURE

A. A referring employee may be eligible for a referral bonus if the following conditions are met:

1. The employee is a current Department employee and is still employed when the Referred Hire reaches their six-month employment anniversary;
2. The Referred Hire was not a state employee prior to their hire or in the twelve months preceding their hire date;
3. The Referred Hire remains employed for six months while performing their work at a satisfactory level or above;
4. The Referring Employee submits a completed Referral Bonus Form to the Human Resources Director prior the Referred Hire's start date; **and**
5. The Referring Employee provides any additional information requested by the Department to verify eligibility for the referral bonus.

B. The Superintendent (or designee) is responsible for:

1. Communicating to employees the availability of Referral Bonus Awards;
2. 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:
 - a. Verifying the referral, upon receipt of a Referral Bonus Form, with the Referred Candidate following an accepted offer of employment;
 - b. Making a determination regarding eligibility for a referral bonus;
 - c. Communicating the determination to the Referring Employee and providing them with a copy of the completed form with approval signatures;
 - d. Informing the Chief Financial Officer when referral bonus eligibility has been met and the bonus should be paid;
 - e. Coding referral bonuses using the appropriate account in the state's payroll system;
 - f. 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
 - g. Reporting on the availability and use of funds for requests under this policy as requested by the State Budget Agency.

C. The Human Resources Director is responsible for:

1. Coordinating with the Executive Staff to assess eligibility; and
2. Maintaining a copy of any completed Referral Bonus Form and approval in the employee's and applicant's personnel files.

D. The State Budget Agency is responsible for:

1. Working with hiring agencies to ensure all eligible referral bonuses are funded; and
2. Working with the State Personnel Department to evaluate the effectiveness of this program.

E. Referral Bonus State Form(s):

[53041 Referral Bonus Program Form](#)

F. This procedure is to be used in conjunction with all relevant Department regulations, rules, policies and procedures.