

Can the Board Award Staff Bonuses?

Initial question from librarian: The Library Board is contemplating giving the Library staff bonuses at the end of the calendar year (December 2011). This is in lieu of raising their salaries significantly this fiscal year. (We are still in limbo with continued mill rate funding from the County so they don't want to do any permanent salary adjustments until that is ironed out.) Is that something within the authority of the Board to decide and do? They asked that I ask our City Finance person but I thought the State Library would be the authority on this. Our City Finance person wouldn't touch it, she referred me to the City Attorney.

Response from Tracy Cook and Suzanne Reymer – June 30, 2011

22-1-310. Chief librarian -- personnel -- compensation. The board of trustees of each library shall appoint and set the compensation of the chief librarian who shall serve as the secretary of the board and shall serve at the pleasure of the board. With the recommendation of the chief librarian, the board shall employ and discharge such other persons as may be necessary in the administration of the affairs of the library, fix and pay their salaries and compensation, and prescribe their duties.

It sounds to me that under the "fix and pay their salaries and compensation" that the board can decide to pay bonuses if they so choose.

I feel like I'm developing lawyer brain. It's probably just from reviewing a lot of legal documents these last few days. I believe the board can pay the staff bonuses if they wish to do so. There are several pieces of law that give them that authority including the code that you cited. In addition the Livingston board might find the Butte Silver Bow case helpful as it addressed the issue as well. I've attached the final Supreme Court ruling in case you need it. And finally a couple of Attorney General Opinions supported the right of the board to decide compensation issues. They are older so they aren't available online, but I attached a powers and duties of boards handout that summarizes them.

I think the reason I hesitated on this one was because I wasn't sure of the definition of compensation. Some commercial sites define it as including bonuses, but the Montana Code has a much narrower definition for state employees. I couldn't find anything in the MCA that specifically denied governments the ability to give bonuses. In fact the Department of Administration has a lengthy document about pay and includes a section about giving out bonuses. I couldn't find anything that specifically said that it is okay to give government employees bonuses, but I also couldn't find anything that said it was illegal so based on the law and what seems to be the standard human resources definition of compensation I would say the board can award bonuses although they should have a systematic way of doing so (either something based on longevity or something based on merit).