

HOUSE BILL REPORT

SSB 5609

As Passed House:

April 7, 1999

Title: An act relating to state employees' suggestion awards and incentive pay.

Brief Description: Making awards for state employees' suggestions.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Horn, Prentice, Winsley, Haugen and Costa; by request of Secretary of State).

Brief History:

Committee Activity:

State Government: 3/31/99, 4/2/99 [DP].

Floor Activity:

Passed House: 4/7/99, 91-0.

Brief Summary of Substitute Bill

- Membership on the Productivity Board is reduced by two.
- Laws are rewritten providing various programs awarding state employees for suggesting ways to save money and increase revenue collections. Among other changes, much of the detail regarding awards and incentive pay is deleted from law, the restriction is eliminated that a cash award under the employee suggestion program may not exceed 10 percent of the net savings arising from the suggestion, and the maximum value of a single recognition award is increased from \$100 to \$200.

HOUSE COMMITTEE ON STATE GOVERNMENT

Majority Report: Do pass. Signed by 8 members: Representatives McMorris, Republican Co-Chair; Romero, Democratic Co-Chair; Campbell, Republican Vice Chair; Miloscia, Democratic Vice Chair; Dunshee; Haigh; Lambert and D. Schmidt.

Staff: Steve Lundin (786-7127).

Background:

The Productivity Board is established to administer the employee suggestion program and the teamwork incentive program. State agencies are authorized to make employee recognition awards.

Awards and incentive pay under these programs are not used to compute retirement allowances.

1. Productivity Board.

The Productivity Board is composed of the following 10 members: (1) the Secretary of State, who acts as the chairperson of the Board; (2) the director of personnel, or the director's designee; (3) the director of financial management, or the director's designee; (4) the personnel director of the Higher Education Personnel Board; (5) the director of General Administration, or the director's designee; (6) three persons experienced in administering incentive programs, one of whom is appointed by the Governor, one of whom is appointed by the Lieutenant Governor, and one of whom is appointed by the Speaker of the House of Representatives; (7) one person appointed by the Governor to represent agencies and employees of state agencies; and (8) one person appointed by the Governor to represent institutions of higher education and their employees who are under the higher education personnel law. Additional ad hoc members may be jointly appointed by the Governor and chairperson of the board to serve in advisory capacities.

2. Employee suggestion program.

The employee suggestion program is established where the Productivity Board may make cash awards for suggestions generating net savings to the state. A cash award may not exceed 10 percent of the net savings or \$10,000 and may be reduced if the agency significantly modifies the suggestion when implementing it. Awards are made from the agency's appropriation.

3. Employee teamwork incentive program.

The employee teamwork incentive program is established. Under this program applications are submitted to the Productivity Board from organizational units of agency employees, other than in the judicial or legislative branches. Proposals are selected by the board under this program if they lower costs or increase revenues, without decreasing the level of services that are rendered, and include performance indicators that lend themselves to a judgement of success or failure.

Specific criteria are provided for the board to demonstrate the savings or increased revenues arising from the proposal itself and not from unrelated factors, such as chance, lowering the quality of work, stockpiling inventories, and shifting expenses to

other units. Legitimate efficiencies are considered, such as lowering overtime, eliminating consultant fees, less temporary help, improved procedures and systems, better deployment of personnel, elimination of unnecessary travel, and elimination of waste.

The board may award employees in the group up to 25 percent of the amount that is determined to have been saved or the increase in revenues for the level of services rendered. An award is divided among the employees in the group and could involve incentive pay.

4. Recognition awards.

A state agency may give recognition awards to its employees for outstanding achievements, safety performance, and longevity. A recognition award may not exceed \$100 in value and may consist of pen and desk sets, plaques, pins, framed certificates, clocks, and calculators. Recognition award costs are paid by the agency presenting the awards.

Summary of Bill:

Laws are rewritten providing various programs awarding state employees for suggesting ways to save money and increase revenue collections.

1. Productivity Board.

The Productivity Board is reduced from 10 to eight members by removing members representing the Higher Education Personnel Board and employees that were under its jurisdiction.

2. Employee suggestion program.

The employee suggestion program is renamed as the statewide employee suggestion program and rules governing this program may provide for a payment award schedule establishing criteria for determining the awards that are given.

The Productivity Board may adopt rules allowing the board to delegate authority to a state agency head to design and administer an agency unique suggestion program that is operated under general requirements for the renamed statewide employee suggestion program.

The restriction is eliminated that an award is provided at 10 percent of the savings but the maximum level of an award is retained at \$10,000. The Productivity Board, or state agency head who has been authorized to operate a unique agency suggestion

program, determines the amount of an award based upon a payment award scale under criteria established by rule of the Productivity Board. The calculations of the savings or increased revenues shall be in the first year of the program being implemented.

3. Employee teamwork incentive program.

Statutory details describing the teamwork incentive program are eliminated. A team making a proposal must identify the net savings and revenues to be accomplished during the proposed project period. The agency head must approve the proposal and may modify the proposal. An agency head may recommend an award amount but the Productivity Board makes the final determination whether an award will be made. Awards shall be based upon the payment award scale adopted by the Productivity Board.

4. Recognition awards.

Recognition awards are expanded. These awards may be given to groups of employees and may be made for public service or service as employee suggestion evaluators and implementors. The maximum value of a single award is increased from \$100 to \$200.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: We have been working closely with the Governor's office on this. This gives us more administrative flexibility.

Testimony Against: None.

Testified: Michelle Wilson, Office of the Secretary of State, Productivity Board.