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**SUBSTITUTE HOUSE BILL 1733**

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**State of Washington**

**53rd Legislature**

**1993 Regular Session**

**By** House Committee on State Government (originally sponsored by Representatives Linville, Reams, Brumsickle, Anderson, Pruitt, Kremen, Wolfe, Sommers, Ballard, Peery, Jones, King, Basich, Roland, G. Fisher, L. Johnson, Romero, Lemmon, Ogden, Karahalios, Eide and H. Myers; by request of Productivity Board)

Read first time 03/03/93.

1 AN ACT Relating to productivity awards programs; amending RCW  
2 41.60.010, 41.60.015, 41.60.020, 41.60.100, 41.60.110, 41.60.120, and  
3 41.60.160; providing an effective date; and declaring an emergency.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 41.60.010 and 1987 c 387 s 1 are each amended to read  
6 as follows:

7 As used in this chapter:

8 (1) "Board" means the productivity board.

9 (2) "Employee suggestion program" means the program developed by  
10 the board under RCW 41.60.020.

11 (3) "Teamwork incentive program" means the program developed by the  
12 board under RCW 41.60.100 through 41.60.120.

13 (4) "State employees" means present employees in state agencies and  
14 institutions of higher education except for elected officials,  
15 directors of such agencies and institutions, and their confidential  
16 secretaries and administrative assistants and others specifically ruled  
17 ineligible by the rules of the productivity board.

1       **Sec. 2.** RCW 41.60.015 and 1987 c 387 s 2 are each amended to read  
2 as follows:

3       (1) There is hereby created the productivity board. The board  
4 shall administer the employee suggestion program and the teamwork  
5 incentive program under this chapter (~~and shall review applications~~  
6 ~~for teamwork incentive pay for state employees under RCW 41.60.100,~~  
7 ~~41.60.110, and 41.60.120~~)).

8       (2) The board shall be composed of:

9       (a) The governor and the secretary of state who shall act as  
10 (~~chairperson~~) cochairs of the board;

11       (b) The director of personnel appointed under the provisions of RCW  
12 41.06.130 or the director's designee;

13       (c) The director of financial management or the director's  
14 designee;

15       (d) The personnel director appointed under the provisions of RCW  
16 28B.16.060 or the director's designee;

17       (e) The director of general administration or the director's  
18 designee;

19       (f) Three persons with experience in administering incentives such  
20 as those used by industry, with the governor, lieutenant governor, and  
21 speaker of the house of representatives each appointing one person.  
22 The governor's appointee shall be a representative of an employee  
23 organization certified as an exclusive representative of at least one  
24 bargaining unit of classified employees, but no one organization may be  
25 represented for two consecutive terms;

26       (g) One person representing state agencies and institutions with  
27 employees subject to chapter 41.06 RCW, and one person representing  
28 those subject to chapter 28B.16 RCW, both to be appointed by the  
29 governor; and

30       (h) In addition, the (~~governor and board chairperson~~) cochairs  
31 may jointly appoint persons to the board on an ad hoc basis. Ad hoc  
32 members shall serve in an advisory capacity and shall not have the  
33 right to vote.

34       Members under subsection (2) (f) and (g) of this section shall be  
35 appointed to serve three-year terms.

36       Members of the board appointed pursuant to subsection (2)(f) of  
37 this section may be compensated in accordance with RCW 43.03.240. Any  
38 board member who is not a state employee may be reimbursed for travel  
39 expenses under RCW 43.03.050 and 43.03.060.

1       **Sec. 3.** RCW 41.60.020 and 1982 c 167 s 7 are each amended to read  
2 as follows:

3       (1) The board shall formulate, establish, and maintain an employee  
4 suggestion program to encourage and reward meritorious suggestions by  
5 state employees that will promote efficiency and economy in the  
6 performance of any function of state government: PROVIDED, That the  
7 program shall include provisions for the processing of suggestions  
8 having multi-agency impact and post-implementation auditing of  
9 suggestions for fiscal accountability.

10       (2) The board shall prepare, at least annually, a topical list of  
11 all the productivity awards granted and disseminate this information to  
12 all the state government agencies that may be able to adapt them to  
13 their procedures.

14       (3) The board shall adopt rules and regulations necessary or  
15 appropriate for the proper administration and for the accomplishment of  
16 the purposes of this chapter.

17       **Sec. 4.** RCW 41.60.100 and 1989 c 56 s 2 are each amended to read  
18 as follows:

19       With the exception of agencies of the legislative and judicial  
20 branches, any organizational unit composed of employees in any agency  
21 or group of agencies of state government (~~((having an identifiable~~  
22 ~~budget or having its financial records maintained according to an~~  
23 ~~accounting system which identifies the expenditures and receipts~~  
24 ~~properly attributable to that unit))~~ with the ability to identify  
25 costs, revenues, or both may apply to the board (~~((for selection as a~~  
26 ~~candidate for the award of))~~ to participate in the teamwork incentive  
27 ~~((pay to its employees))~~ program. The application shall (~~((be submitted~~  
28 ~~prior to the beginning of any year and shall))~~) have the approval of the  
29 heads of the agency or agencies within which the unit is located.

30       Applications shall be in the form specified by the board and  
31 contain such information as the board requires. This may include, but  
32 is not limited to, quantitative measures which establish a data base of  
33 program output or performance expectations, or both. This data base is  
34 used to evaluate savings in accordance with RCW 41.60.110(1).

35       The board shall evaluate the applications submitted. From those  
36 proposals which are considered to be reasonable and practical and which  
37 are found to include developed performance indicators which lend

1 themselves to a judgment of success or failure, the board shall select  
2 the units to participate in the teamwork incentive ((pay)) program.

3 **Sec. 5.** RCW 41.60.110 and 1989 c 56 s 3 are each amended to read  
4 as follows:

5 (1) To qualify for ~~((the award of))~~ a teamwork incentive ~~((pay to))~~  
6 program award for its employees, a unit selected shall demonstrate to  
7 the satisfaction of the board that it has operated during the ~~((year))~~  
8 period of participation at a lower cost or with an increase in revenue  
9 ~~with ((either an increase in the level of services rendered or with))~~  
10 no decrease in the level of services rendered.

11 (a) A unit completing its ~~((first year))~~ period of participation  
12 shall compare costs or revenues during that ~~((year))~~ period of  
13 participation to (i) the ~~((fiscal year))~~ expenditures or revenues for  
14 ~~((the year))~~ a comparable span of time immediately preceding the first  
15 ~~((year))~~ period of participation, or (ii) an average derived from the  
16 unit's historical data, or (iii) engineered standards used in  
17 conjunction with an average derived from the unit's historical data, or  
18 (iv) anticipated revenue as based on statistical projections or  
19 historical data;

20 (b) A unit participating in the teamwork incentive ~~((pay))~~ program  
21 for two or more consecutive ~~((years))~~ times may choose to compare its  
22 costs during the current ~~((year))~~ period of participation with (i) its  
23 costs or revenues for the immediately preceding ~~((year))~~ period, or  
24 (ii) ~~((a yearly))~~ an average of its costs or revenues for the preceding  
25 two or three ~~((years))~~ comparable spans of time in the teamwork  
26 incentive program;

27 (c) For the purposes of (a) of this subsection, a unit's historical  
28 data shall be restricted to data generated during the period of three  
29 years or less immediately preceding the unit's first ~~((year of))~~  
30 participation in the teamwork incentive ~~((pay))~~ program; and

31 (d) For the purposes of (b) of this subsection, a unit's costs or  
32 revenues for preceding ~~((years))~~ periods of time may include the costs  
33 or revenues calculated under (a) (i), (ii), or (iii) of this subsection  
34 for ~~((years))~~ the periods of time the unit participated in the teamwork  
35 incentive ~~((pay))~~ program.

36 (2) The board shall satisfy itself from documentation submitted by  
37 the organizational unit that the claimed cost of operation or level of

1 higher revenue is real and not merely apparent and that it is not, in  
2 whole or in part, the result of:

3 (a) Chance;

4 (b) A lowering of the quality of the service rendered;

5 (c) Nonrecurrence of expenditures which were single outlay, or one-  
6 time expenditures, in the preceding ((year)) comparable period of time;

7 (d) Stockpiling inventories in the immediately preceding ((year))  
8 period so as to reduce requirements in the eligible ((year)) time  
9 period;

10 (e) Substitution of federal funds, other receipts, or nonstate  
11 funds for programs currently receiving state appropriations;

12 (f) Unreasonable postponement of payments of accounts payable until  
13 the ((year)) period immediately following the eligible ((year)) period  
14 of participation;

15 (g) Shifting of expenses to another unit of government; or

16 (h) Any other practice, event, or device which the board decides  
17 has caused a distortion which makes it falsely appear that a savings or  
18 increase in revenue gains or an increase in level of services has  
19 occurred.

20 (3) The board shall consider as legitimate ((savings)) efficiencies  
21 those reductions in expenditures or increases in revenue made possible  
22 by such items as the following:

23 (a) Reductions in overtime;

24 (b) Elimination of consultant fees;

25 (c) Less temporary help;

26 (d) Improved systems and procedures;

27 (e) Better deployment and utilization of personnel;

28 (f) Elimination of unnecessary travel;

29 (g) Elimination of unnecessary printing and mailing;

30 (h) Elimination of unnecessary payments for items such as  
31 advertising;

32 (i) Elimination of waste, duplication, and operations of doubtful  
33 value;

34 (j) Improved space utilization; ((and))

35 (k) Improved methods of collecting revenue or recovering money owed  
36 to the state; and

37 (l) Any other items determined by the board to represent cost  
38 savings or increased revenue.

1       **Sec. 6.** RCW 41.60.120 and 1989 c 56 s 4 are each amended to read  
2 as follows:

3       At the conclusion of the eligible ~~((year))~~ period, the board shall  
4 compare the expenditures or revenues for that ~~((year))~~ period of each  
5 unit selected against the expenditures or revenues of that unit for the  
6 immediately preceding ~~((year))~~ period or expenditures or revenues  
7 determined in accordance with RCW 41.60.110(1) (a) and (b) and, after  
8 making such adjustments as in the board's judgment are required to  
9 eliminate distortions, shall determine the amount, if any, that the  
10 unit has reduced the unit's cost of operations or increased its level  
11 of services or generated additional revenues to the state in the  
12 eligible ~~((year))~~ period. Adjustments to eliminate distortions may  
13 include any legislative increases in employee compensation and  
14 inflationary increases in the cost of services, materials, and  
15 supplies. Adjustments to additional revenue may include changes in  
16 client populations and the effects of legal changes. If the board also  
17 determines that ~~((in the board's judgment))~~ a unit qualifies for an  
18 award, the board shall award to the employees of that unit a sum  
19 ~~((equal))~~ up to twenty-five percent of the amount determined to be the  
20 savings or revenue increases to the state for the level of services  
21 rendered. The amount awarded shall be divided and distributed in  
22 ~~((equal shares))~~ accordance with board rules to the employees of the  
23 unit, except that employees who worked for that unit less than the  
24 ~~((twelve months of the year))~~ full period during which the unit  
25 conducted a teamwork incentive program shall receive only a pro rata  
26 share based on the fraction of the ~~((year))~~ period worked for that  
27 unit. No individual share of the unit award may exceed the maximum  
28 award established by rule adopted by the board. Funds for this  
29 teamwork incentive ~~((pay))~~ award shall be drawn from the ~~((agency))~~  
30 agencies in which the unit is located or from the benefiting fund or  
31 account without appropriation when additional revenue is generated to  
32 the fund or account.

33       Awards may be paid to teams for process changes which generate new  
34 or additional money for the general fund or any other funds of the  
35 state. The director of the office of financial management shall  
36 distribute moneys appropriated for this purpose with the concurrence of  
37 the productivity board. Transfers shall be made from other funds of  
38 the state to the general fund in amounts equal to award payments made

1 by the general fund, for innovations generating new or additional money  
2 for those other funds.

3       **Sec. 7.** RCW 41.60.160 and 1987 c 387 s 8 are each amended to read  
4 as follows:

5       No award may be made under this chapter to any elected state  
6 official or state agency director. (~~No monetary award may be made to~~  
7 ~~persons exempt from the state civil service law under RCW 41.06.070 (5)~~  
8 ~~or (9).)~~)

9       NEW SECTION.   **Sec. 8.** This act is necessary for the immediate  
10 preservation of the public peace, health, or safety, or support of the  
11 state government and its existing public institutions, and shall take  
12 effect July 1, 1993.

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