

HOUSE BILL REPORT

SSB 5082

As Reported by House Committee On:
State Government & Tribal Relations

Title: An act relating to reestablishing the productivity board.

Brief Description: Reestablishing the productivity board.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Fortunato, Hunt and Kuderer).

Brief History:

Committee Activity:

State Government & Tribal Relations: 3/17/21, 3/22/21 [DP].

Brief Summary of Substitute Bill

- Removes language suspending the operations of the Productivity Board (Board) and transfers the chair position from the Secretary of State to the Director of the Office of Financial Management.
- Requires that the Board prepare a topical list of all awards granted and send it to the Legislature and state agencies.
- Adjusts the award amounts that may be granted for the Statewide Employee Suggestion Program and the Employee Teamwork Incentive Program.

HOUSE COMMITTEE ON STATE GOVERNMENT & TRIBAL RELATIONS

Majority Report: Do pass. Signed by 7 members: Representatives Valdez, Chair; Lekanoff, Vice Chair; Volz, Ranking Minority Member; Walsh, Assistant Ranking Minority Member; Dolan, Graham and Gregerson.

Staff: Jason Zolle (786-7124).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Background:

Productivity Board.

The Productivity Board (Board), also referred to as the Employee Involvement and Recognition Board, administers the Statewide Employee Suggestion Program and adopts rules allowing for agency-specific suggestion programs. Rules governing the statewide program establish a payment award schedule that includes criteria for determining the amounts of any financial or other awards. Administrative costs of the Board are appropriated by the Legislature from the personnel service fund.

Members of the Board include the Secretary of State (Secretary), who acts as the chair, the Director of the Office of Financial Management (OFM), the Director of the Department of Enterprise Services, one person appointed by the Secretary to represent higher education employees, two persons appointed by the Secretary to represent state agencies and their employees, and three individuals experienced in administering incentive programs. These latter three individuals are appointed, one each, by the Lieutenant Governor, the Secretary, and the Speaker of the House of Representatives. The Secretary's appointee must be a representative of an employee organization certified as an exclusive representative of at least one bargaining unit of classified employees.

Operations of the Board have been suspended by the Legislature in its operating budget in each biennium since 2011.

Statewide Employee Suggestion Program.

The Employee Suggestion Program allows the Board, or the Board's designee, to make cash awards for suggestions generating net savings to the state. A cash award may not exceed \$10,000. Awards are made from the agency's appropriation.

Employee Teamwork Incentive Program.

The Employee Teamwork Incentive Program applications are submitted to the Board from organizational units of agency employees, other than in the judicial or legislative branches, with the approval of the heads of the agency or agencies within which the team is located. 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. An agency head may recommend an award amount, but the Board makes the final determination whether an award will be made. Awards are based upon the payment award scale adopted by the Board.

Recognition Awards.

A state agency may give recognition awards to its employees for outstanding achievements or public service, safety performance, longevity, or service as an employee suggestion evaluator. A recognition award may not exceed \$200 in value and may consist of cash or items such as as pen and desk sets, plaques, pins, framed certificates, clocks, and

calculators. Recognition award costs are paid by the agency presenting the awards. The OFM is required to report annually to the Governor and the Legislature on the award of performance-based incentives and bonuses. The most recent report, submitted in December 2020, indicated that \$167,268 was awarded in cash recognition awards to employees.

Summary of Substitute Bill:

Language suspending the operations of the Board is deleted. The Board is now staffed by the OFM. The chair position is transferred from the Secretary Director of the OFM. The three Board appointees selected by the Secretary are now selected by the Governor. All appointments must be made by July 31, 2021.

The Board must prepare a topical list of all the productivity awards granted. The list must be sent to the Legislature and all state government agencies that may be able to adapt them to their procedures.

The award amounts for the Statewide Employee Suggestion Program are limited to 10 percent of the actual net savings or revenue generated, if less than the current limit of \$10,000. The award amounts for the Employee Teamwork Incentive Program are limited to 25 percent of the actual net savings or revenue generated to be shared by the team in a manner approved by the agency head, not to exceed \$10,000 per team member.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The Board was cut in 2011 because it cost \$2 million to operate; but the program saved \$20 million. Politicians do not have knowledge about what to cut in the budget unless someone tells them. State employees know how to save money in their agencies, and they are taxpayers too. They deserve an opportunity to tell the government what to cut. It is important to have an objective, independent board evaluating proposals in order to avoid a conflict of interest with agency heads who do not want their budgets to be cut. This bill rewards state employees for saving taxpayer money.

(Opposed) None.

(Other) The Board should be housed in its original location within the Office of the Secretary; it should not be moved to the OFM.

Persons Testifying: (In support) Senator Fortunato, prime sponsor; and Sandra Toussaint, American Federation of State, County and Municipal Employees Council 28 and Washington Federation of State Employees.

(Other) Scott Merriman, Office of Financial Management.

Persons Signed In To Testify But Not Testifying: None.