

# HOUSE OF REPRESENTATIVES

Olympia, Washington

## Bil Analysis

Bil No. HB 1586

Making awards for state employees suggestions.

Brief title

Hearing Date 2/12/99

Reps Romero, Alexander and Miloscia

Sponsor(s)

Staff Steve Andin

State Government Committee

Phone 786-7127

### BACKGROUND:

The Product Board established 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. Product Board.

The Product Board is composed of the following members: 1) The Secretary of State who acts as the chairperson of the Board; 2) Director of Personnel; the Director Designated; the Director of Financial Management; the Director Designated; the Director of the Higher Education Personnel Board [this board was abolished every year and its authorized higher education personnel were transferred to the Washington Personnel Resource Board]; 5) the Director of General Administration, Director Designated; 6) three persons experienced in administering incentive programs, of whom one 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 state employees; 8) one person appointed by the Governor to represent institutions of higher education; and the employees board under the higher education personnel law. The separate administrative higher education personnel no longer exists and is now provided by the Washington Personnel Resource Board. Additional 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 established where the Product Board may make cash awards for suggestions generating savings to the state. A cash award may not exceed 5% of the net savings of \$10,000 and may be reduced if the agency significantly reduces the suggestions when implementing. Awards are made from the agency's appropriation.

### 3. Employee teamwork incentive program.

The employee teamwork incentive program established under this program application is submitted to the Product Board from organizational agency employees, rather than the judicial or legislative branches. Proposals selected by the board under this program have lower costs, increase revenues, without decreasing the level of services rendered and include performance indicators that tend to themselves judge success or failure.

Specific items provided to the board demonstrate savings, increased revenues, savings from the proposals, and not from unrelated factors such as chance, power, inequity, work, stockpiling inventory, and shifting expenses to the state. Legitimate efficiency considerations such as slowing overtime, eliminating multiple steps, temporary help, improved procedures, better deployment of personnel, elimination of unnecessary vehicles, and elimination of waste.

The board may award employees in the group up to 25% of the amount that is determined to have been saved or the increase in revenue for the level of services rendered. Awards 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 achievement, safety performance, and longevity. A recognition award may not exceed \$100 in value and may consist of a plaque, desk set, plaques, framed certificates, and calculators. Recognition awards are paid by the agency presenting the awards.

## **SUMMARY:**

Laws are rewritten providing incentives and awards to employees for suggesting ways to save money and increase revenue collections.

### 1. Product Board.

The Product Board is reduced to eight members by removing members representing the Higher Education Board and employees that are under its jurisdiction.

### 2. Employee suggestion program.

The employee suggestion program is named the state employee suggestion program and rules governing the program are provided for a payment award schedule established by the board. The awards are given.

The Product Board may adopt rules allowing the board to delegate authority to state agency heads to design and administer agency unique suggestion programs that operate under general requirements of the renamed state employee suggestion program.

Restrictions on the maximum value of an award under an employee suggestion program are eliminated.

Product Board, state agency head who has been authorized to operate a unique agency suggestion program, determine amount of award based on a payment award schedule established by rule of the Product Board. The calculation of the savings increased revenues shall be in the first year of the program implemented.

### 3. Employee teamwork incentive program.

Statute details describing teamwork incentive program are eliminated. Team making proposals that identify savings and increased revenues accomplished in the proposed period. The agency head must approve the proposal and may modify the proposal. A agency head may recommend an award amount but the Product Board makes the final determination when an award will be made. Awards shall be based on the payment award schedule adopted by the Product Board.

### 4. Recognition awards.

Recognition awards are expanded. These awards may be given to groups of employees and may be made for public service, employee suggestions, and implementation. The maximum value of a single award is increased to \$1000.

**FISCANOTE:** Not requested.

**EFFECTIVE DATE:** Ninety days after adjournment of session in which bill passed.