

SENATE BILL REPORT

SB 6332

As Reported by Senate Committee On:
State Government, Tribal Relations & Elections, January 24, 2018

Title: An act relating to reestablishing the productivity board.

Brief Description: Reestablishing the productivity board.

Sponsors: Senators Fortunato, Hunt, Kuderer, Zeiger, Miloscia and Saldaña.

Brief History:

Committee Activity: State Government, Tribal Relations & Elections: 1/24/18 [DPS-WM].

Brief Summary of First Substitute Bill

- Reestablishes the Productivity Board (Board), requiring members to be appointed by July 31, 2018.
- Requires that the Board prepare a topical list of all awards granted and send 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.

SENATE COMMITTEE ON STATE GOVERNMENT, TRIBAL RELATIONS & ELECTIONS

Majority Report: That Substitute Senate Bill No. 6332 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Hunt, Chair; Kuderer, Vice Chair; Miloscia, Ranking Member; Saldaña and Zeiger.

Staff: Melissa Van Gorkom (786-7491)

Background: Productivity Board (Board). The Board—also referred to as the Employee Involvement and Recognition Board—administers the statewide employee suggestion program and adopts rules allowing for agency-unique suggestion programs. Rules governing the statewide program provide for a payment award schedule that establishes the criteria for

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

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, safety performance, and longevity. A recognition award may not exceed \$200 in value and may consist of cash or such items as pen and desk sets, plaques, pins, framed certificates, clocks, and calculators. Recognition award costs are paid by the agency presenting the awards.

The Office of Financial Management is required to report annually to the Governor and Legislature on the award of performance-based incentives and bonuses. The most recent report, submitted in December 2017, indicated that \$126,095 was awarded in cash recognition awards to employees, with an average award amount of \$148.48.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (First Substitute): Productivity Board. The Board is reestablished, requiring appointment of members by July 31, 2018.

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

Statewide Employee Suggestion Program. The award amounts are adjusted to restrict the award to \$10,000 or 10 percent of the actual net savings and/or revenue generated, whichever amount is less.

Employee Teamwork Incentive Program. The board may award teams up to 25 percent of the amount that is determined to have been saved or the increase in revenues generated. An award is divided among the employees in the team in a manner approved by the agency head, not to exceed \$10,000 per team member.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony on First Substitute: PRO: This reestablishing a very good program that allows for small ideas that save time for employees and money for the state to be brought forward by employees. The productivity board was a good program that fell victim to the budget cuts. State employees who have a great idea should have a pathway forward to share their good ideas. Sometimes agencies may be a barrier and this provides an independent route for employees to bringing these issues forward. The administrative costs for the program include 4 FTEs with an increase in cost of a little over 1% from the cost in 2011 when the program was suspended. The administrative costs are paid for out of the personnel service fund. It's important to note that for or ever \$1 in cost to run the productivity board, there was a savings to the state of about \$10.

Persons Testifying: PRO: Senator Phil Fortunato, Prime Sponsor; Matt Zuvich, Washington Federation of state Employees; Toni McKinley-Camp, Legislative Director, Office of the Secretary of State; Stephanie Horn, Deputy Director, Community Programs, Office of the Secretary of State.

Persons Signed In To Testify But Not Testifying: No one.