

# HOUSE BILL REPORT

## HB 1997

---

---

**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:** Representatives Valdez and Dolan.

**Brief History:**

**Committee Activity:**

State Government & Tribal Relations: 1/24/22, 1/27/22 [DPS].

**Brief Summary of Substitute Bill**

- Reestablishes the Productivity Board (Board), requiring members to be appointed by July 31, 2022.
- 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:** The substitute bill be substituted therefor and the substitute bill 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:** Jessica Cable (786-7290) and Desiree Omli (786-7105).

---

*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-unique suggestion programs. Rules governing the statewide program provide a payment award schedule that establishes the 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.

The Board's membership consists of:

- the Secretary of State;
- the directors of the Office of Financial Management (OFM) and the Department of Enterprise Services;
- three individuals experienced in administering incentive programs appointed, the Lieutenant Governor, Secretary of State, and Speaker of the House of Representatives each appointing one individual, with the Secretary of State's appointee being a representative of an employee organization certified as an exclusive representative of at least one bargaining unit of classified employees; and
- two individuals representing state agencies and institutions with employees subject to the state civil service laws and one person representing institutions of higher education, all appointed by the Secretary of State.

Operations of the Board have been suspended since 2011.

### Statewide Employee Suggestion Program.

The Statewide Employee Suggestion Program allows the Board, or the Board's designee, to make cash awards for suggestions by state employees generating a net savings, revenue, or both, to the state. Awards are based on a payment award scale, but cash awards may not exceed \$10,000. Awards are made from the appropriation of the agency benefiting from the employee's suggestion.

### Employee Teamwork Incentive Program.

Except for state employees of the judicial and legislative branches, organizational units of agency employees may submit an application to the Board, with approval from the heads of the agency within which the organizational unit is located, to participate in the Employee Teamwork Incentive Program. A team must identify the net savings, revenue, or both, accomplished during the project period. 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, are deemed reasonable and practicable, 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 on 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, public service, safety performance, longevity, or service as an employee suggestion evaluator or implementor. 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 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 2021 indicated that \$274,696 was awarded in cash recognition awards to state employees.

---

**Summary of Substitute Bill:**

Productivity Board.

The Board is reestablished, requiring appointment of members by July 31, 2022. The Board must prepare a topical list of all the productivity awards granted and send the list 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 for the Statewide Employee Suggestion Program are limited to 10 percent of the actual net savings or revenue generated or \$10,000, whichever amount is less.

Employee Teamwork Incentive Program.

The award amounts for the Employee Teamwork Incentive Program are limited to 25 percent of the actual net savings or revenue generated. The award is divided among the employees on a team in a manner approved by the agency head, but may not exceed \$10,000 per team member.

**Substitute Bill Compared to Original Bill:**

A grammatical change clarifies that the Secretary of State appoints the three members representing agencies with employees subject to the state civil service laws and institutions of higher education.

---

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** 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 is an objective way to improve state efficiency, reward hardworking employees, and save the state money without reducing community services. In the past, the state received \$10 back for every dollar spent on this program. Rewarding employees for good ideas helps build morale and employee loyalty while benefiting the state. The Board needs proper funding to be operational.

(Opposed) None.

(Other) Adequate funding must available. The Board was previously defunded based on a budget vote to help Washington get through the recession.

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

(Other) Brian Hatfield, Office of Secretary of State.

**Persons Signed In To Testify But Not Testifying:** None.