

HOUSE BILL REPORT

ESSB 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], 2/16/22, 2/17/22 [DPA].

Brief Summary of Engrossed Substitute Bill
(As Amended By Committee)

- 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: Do pass as amended. 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, who chairs the Board;
- the Directors of the Office of Financial Management (OFM) and the Department of Enterprise Services;
- three individuals experienced in administering incentive programs, appointed by 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 with employees subject to the state civil service laws, all appointed by the Secretary of State.

Operations of the Board have been suspended in the operating budget since 2011.

Statewide Employee Suggestion Program.

The 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 judgment 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 Amended Bill:

Productivity Board.

The Board is reestablished, subject to appropriations, 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 amount for the Statewide Employee Suggestion Program is modified and 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 amount for the Employee Teamwork Incentive Program is 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.

Amended Bill Compared to Engrossed Substitute Bill:

A technical correction is made to correct a reference to a repealed statute. In addition, a grammatical change clarifies that the Secretary of State appoints all three members representing agencies and institutions of higher education with employees subject to the state civil service laws.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended 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) Constituents are concerned about government waste. The program was previously cut because of the cost, but every dollar spent on the program saves the state money. The program is a simple and powerful way to save taxpayer money without reducing community services. The Board is important during times of uncertainty and benefits from the first-hand experience and knowledge of state employees. Incentivizing employees to save state resources is good for employees and taxpayers.

(Opposed) None.

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

Persons Signed In To Testify But Not Testifying: None.