

SENATE BILL REPORT

SB 5082

As Reported by Senate Committee On:
State Government & Elections, January 20, 2021
Ways & Means, February 15, 2021

Title: An act relating to reestablishing the productivity board.

Brief Description: Reestablishing the productivity board.

Sponsors: Senators Fortunato, Hunt and Kuderer.

Brief History:

Committee Activity: State Government & Elections: 1/15/21, 1/20/21 [DP-WM].
Ways & Means: 2/08/21, 2/15/21 [DPS, w/oRec].

Brief Summary of First Substitute Bill

- Reestablishes the Productivity Board (Board) to be staffed by the Office of Financial Management, requiring members to be appointed by July 31, 2021.
- 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.

SENATE COMMITTEE ON STATE GOVERNMENT & ELECTIONS

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Hunt, Chair; Kuderer, Vice Chair; Wilson, J., Ranking Member; Hasegawa and Hawkins.

Staff: Melissa Van Gorkom (786-7491)

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.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5082 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Capital; Robinson, Vice Chair, Operating & Revenue; Wilson, L., Ranking Member; Brown, Assistant Ranking Member, Operating; Honeyford, Assistant Ranking Member, Capital; Schoesler, Assistant Ranking Member, Capital; Braun, Carlyle, Conway, Darneille, Gildon, Hasegawa, Hunt, Keiser, Lias, Mullet, Muzzall, Rivers, Van De Wege, Wagoner and Warnick.

Minority Report: That it be referred without recommendation.

Signed by Senators Dhingra, Pedersen and Wellman.

Staff: Sarian Scott (786-7729)

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.

Members of the Board include the Secretary of State, director of the Office of Financial Management (OFM), director of the Department of Enterprise Services, one appointed person to represent higher education employees, two persons representing 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 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 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 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 Bill (First Substitute): Productivity Board. The Board is reestablished and staffed by OFM. The chair of the board will be the director of OFM, or the director's designee. Members must be appointed to the Board by July 31, 2021. The Governor, instead of the Secretary of State, shall appoint a representative of an employee organization certified as an exclusive representative of at least one bargaining unit of classified employees, one person to represent higher education employees, and two persons representing state agencies and their employees. 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.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (First Substitute):

- Changes staffing of the productivity board from the Office of the Secretary of State to the Office of Financial Management.
- Appoints the director of financial management, or the director's designee as chair of the board.
- Requires appointments to the board previously made by the Secretary of State to be made by the Governor.

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 Original Bill (State Government & Elections):

PRO: The Legislature does not always know the details of what might be going on in the field but state employees do. By giving an incentive, employees are encouraged to bring issues forward. The cost to do this work should not be as high as what is reflected in the fiscal note. For every dollar spent on the program there is a savings of \$10 to the state. Having the productivity board run the program provides an outside perspective to the proposals giving an unbiased review of whether or not the suggestion will save money. This is a simple and powerful way to save money without reducing service. The program is a win for the state, a win for state employees, and a win for the taxpayers.

Persons Testifying (State Government & Elections): PRO: Senator Phil Fortunato, Prime Sponsor; Sandra Toussaint, AFSCME Council 28/Washington Federation of State Employees.

Persons Signed In To Testify But Not Testifying (State Government & Elections): No one.

Staff Summary of Public Testimony on Original Bill (Ways & Means): *The committee recommended a different version of the bill than what was heard.*

PRO: We do not know where the efficiencies are, employees do. Simple suggestions save millions of dollars. This gives an incentive for employees to come forward. The Secretary of State's fiscal note is very high, and there is a proposed amendment to move the productivity board to the Office of Financial Management who said they could do this for much cheaper. If we can do this for less costs, that would be good. The productivity board had very good examples of savings, and we should continue it. This is a simple, yet powerful, way to save. We should mine the experience of employees to benefit fellow Washingtonians and the state's bottom line. For every dollar spent there is a savings to the state.

Persons Testifying (Ways & Means): PRO: Senator Phil Fortunato, Prime Sponsor; Sandra Toussaint, AFSCME Council 28 and Washington Federation of State Employees.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.