

SENATE BILL REPORT

ESB 5015

As Passed Senate, March 8, 2023

Title: An act relating to reestablishing the productivity board.

Brief Description: Reestablishing the productivity board.

Sponsors: Senators Fortunato, Gildon, Kuderer and Valdez.

Brief History:

Committee Activity: State Government & Elections: 1/13/23, 1/20/23 [DP-WM].
Ways & Means: 1/31/23, 2/14/23 [DP].

Floor Activity: Passed Senate: 3/8/23, 49-0.

Brief Summary of Engrossed Bill

- Reestablishes the Productivity Board (Board), subject to appropriations, requiring members to be appointed by July 31, 2025, or as soon as practicable.
- 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; Valdez, Vice Chair; Wilson, J., Ranking Member; Dozier, Fortunato, Hasegawa and Kuderer.

Staff: Danielle Creech (786-7412)

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: Do pass.

Signed by Senators Rolfes, Chair; Robinson, Vice Chair, Operating & Revenue; Mullet, Vice Chair, Capital; Wilson, L., Ranking Member, Operating; Gildon, Assistant Ranking Member, Operating; Schoesler, Ranking Member, Capital; Rivers, Assistant Ranking Member, Capital; Warnick, Assistant Ranking Member, Capital; Billig, Boehnke, Braun, Conway, Dhingra, Hasegawa, Hunt, Keiser, Muzzall, Nguyen, Pedersen, Saldaña, Torres, Wagoner and Wellman.

Staff: Mahnur Khan (786-7437)

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 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 and 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.

Operations of the Board have been suspended since 2011.

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 executive branch agency employees 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 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 granted. 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.

OFM is required to report annually to the Governor and the Legislature on the award of performance-based incentives and bonuses.

Summary of Engrossed Bill: Productivity Board. The Board is reestablished, subject to appropriations, requiring appointment of members by July 31, 2025, or as soon as practicable. 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, or revenue generated, or both, whichever amount is less.

Employee Teamwork Incentive Program. The Board may award teams up to 25 percent of the amount 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 (State Government & Elections): PRO: The productivity board was suspended in 2011 due to the recession and is important to reinstate. The board provides on-the-ground, front-line state employees the opportunity to submit suggestions to improve efficiency of government. In the past, this board saved more money than the cost of the program.

OTHER: There may be a request for more time prior to reestablishing the board, as the Office of the Secretary of State struggles to hire people for the position.

Persons Testifying (State Government & Elections): PRO: Senator Phil Fortunato, Prime Sponsor; Dennis Eagle, WA Federation of State Employees.

OTHER: Brian Hatfield, Office of Secretary of State.

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

Staff Summary of Public Testimony (Ways & Means): PRO: This is an incentive to state employees to find government waste and save money for taxpayers. In the past, this program saved more than it cost. It was suspended during the great recessions, and it has not been reinstated. Funding for it has been included in this biennium's budget. Reinstating this board will recognize the innovation and expertise of state employees.

Persons Testifying (Ways & Means): PRO: Senator Phil Fortunato, Prime Sponsor; Dennis Eagle, WA Federation of State Employees.

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