

H

B

5

7

7

STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: 3/22/84

REQUEST *CS* *S/A*  
Bill/Resolution No.: HB 577  
Title: Awards for Superior Accomplishment  
Sponsor: Ward  
Requestor: House State Affairs  
Date of Request: March 9, 1984

FISCAL DETAIL  
Agency Affected: All Agencies  
Program Category Affected: All  
BRU, Program or Subprogram(s) Affected: Office of Management and Budget

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL		47.5	-	-	-	-
300 CONTRACTUAL						
400 SUPPLIES		2.5	-	-	-	-
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS		100.0	-	-	-	-
800 MISCELLANEOUS						
TOTAL OPERATING		150.0	-	-	-	-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		50.0	*	*	*	*
FEDERAL FUNDS						
OTHER		100.0	*	*	*	*
TOTAL						

POSITIONS:

FULL-TIME		0.0	0.0	0.0	0.0	0.0
PART-TIME		0.0	0.0	0.0	0.0	0.0
TEMPORARY		0.0	0.0	0.0	0.0	0.0

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

\*Sources are really the benefits or justified savings achieved by implementing the employees' recommendations.

ANALYSIS: Attach a separate page for analysis

Prepared By: Frank Wheeler, Associate Director *FW* Phone: 465-3568  
Division: Office of Management & Budget-Management Date: 3/22/84

Approved by Commissioner: Peter McDowell, Director *PM* Date: 3/22/84  
Agency: Office of Management and Budget

Distribution (by Agency preparing fiscal note):

Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

12/1/83

Fiscal Note -- HB 577  
Analysis

Purpose

This bill encourages productivity by offering incentive compensation when worthwhile suggestions are submitted by State employees. The bill proposed two levels of awards:

- Up to \$10,000 for superior accomplishments
- Up to \$25,000 for unusually outstanding accomplishments

It is uncertain whether such a program could be offered without increasing the operating budget, unless the identified benefits actually occur. This analysis assumes such a program can be offered and administered with little initial cost.

Assumptions

1. For objectivity the Office of Management and Budget would be excluded from the proposed award system.
2. Many potential benefits are possible, and little cost is likely.

In any case the benefits accruing to the State would be verified, documented and ideally amount to many times more than the cost of the awards. The following is assumed for first year program award expense:

<u>Category</u>	<u>Total Awards Paid/Agency</u>	<u>Number of Agencies</u>	<u>Annual Total</u>
Superior	\$ 5,000 X	15	\$75,000
Outstanding	\$25,000 X	Unknown	\$25,000
Total Award			<u>\$100,000</u>

3. Other than the awards, little other expense is assumed. Again, the proven benefits should always exceed the costs of the program.

- An award banquet with the Governor, award checks and plaques.

<u>Travel Cost to Anchorage</u>	<u>Recipients</u>	<u>Estimate</u>
"Superior" awards	85 @\$500	\$42,500
"Unusually Outstanding"	10 @\$500	5,000
		<u>\$47,500</u>

- Publicity via APEA and other newsletters \$ 2,500
- Total out-of-pocket costs \$50,000

4. No new positions are assumed. Staffing needs for the development of regulations and the preparation of benefit calculation guidelines could be absorbed by Office of Management and Budget.

Other expenditures are possible but they are not likely to occur soon. For example, the costs to verify benefits may result in other costs such as the cost for a detailed benefit/cost analysis or "audit" of the proposed benefits.

#### Funding

The awards could be based on one-time savings, the recurring annual savings or a percentage of the recurring annual savings, perhaps on a sliding scale. Thus, the awards paid would be valued in terms of the annual benefits the State receives. \$150,000 is assumed as the minimum required to launch the program and fund the awards.

Position Paper

HB 577

This bill would amend Chapter 20 of Title 39 of the Alaska Statutes by adding a new Section 410.

This proposal would require the Director of the Office of Management and Budget to adopt regulations to implement a program to provide awards for superior accomplishments in State government. Under HB 577 all State of Alaska employees would be eligible to receive an award. The awards would be made available to employees who make contributions to the "efficiency, economy, or other improvement of the operations of the state" or who perform some "special act or service in the public interest in connection with or related to the employment of the employee."

Under this bill cash awards or other means of recognition could be furnished by the head of the employee's agency or by the Governor. The head of an agency and the Governor could each make cash awards of up to \$10,000, and any award made by the Governor could be in addition to any award made by an agency head. An additional provision would allow a cash award of up to \$25,000 upon certification by the Agency head that the employee's accomplishment was "highly exceptional and unusually outstanding . . . ."

The Department of Administration supports the concept of recognizing employees and awarding them for superior achievement.

It is this Department's view that the availability of a mechanism for awarding employees for superior achievement, such as is proposed in HB 577, is frequently instrumental in obtaining employee suggestions which result in substantial cost savings to the State. We believe, therefore, that the utility of this proposal could be enhanced by requiring that the amount of any award bear some relationship to savings realized by the State as a result of the employees contribution.

It is noted that this proposal would make cash awards available to all employees, including those covered by collective bargaining agreements. As such, a benefit would be gratuitously bestowed on members of the various collective bargaining units, outside the normal bargaining process. This benefit could, however, be bargained away through the collective bargaining process. Therefore, it is suggested that HB 577 be amended by adding a provision which would prohibit the award program from being a subject of collective bargaining.

Such a provision would eliminate the possibility of the program being bargained away, in exchange for some other monetary benefit, thus defeating the intent of the Legislation, and avoiding its potential for benefit to the State. Suggested wording is: (i) the program under this section is not subject to collective bargaining under the Public Employment Relations Act (AS 23.40.070 - 225).

Frank Raye EJA

Frank Raye  
Director  
Division of Personnel  
Department of Administration

3/21/84  
Date

Lisa Rudd

Commissioner Lisa Rudd  
Department of Administration

3/22/84  
Date

Frank Wheeler, Associate Director  
Office of Management and Budget  
Division of Management

March 20, 1984

165A

274-3528

Greg Moyer, Senior Analyst  
Office of Management and Budget  
Division of Management

Evaluation of HB 577  
Cash Awards System

We evaluated HB 577 which was introduced by Representative Jerry Ward on February 6, 1984. The bill proposes an awards system for superior accomplishments in state government. This memorandum shows that the state currently lacks a system for recognizing accomplishments of its employees. A cash award, as proposed in HB 577, is one method to provide this recognition. Cash awards, however, should only be given if cost-saving benefits are realized. Other methods should also be included in any awards system. In addition, the awards system needs a centralized administration.

STATE LACKS AN  
AWARDS SYSTEM

The State does not have an awards system to recognize its employees for their contributions to improving the efficiency productivity, economy, and effectiveness of state operations and delivery of services to the general public. State employees currently receive pay range and/or step increases based on periodic performance evaluations, but there is no system to reward employees for the following categories:

1. Outstanding performance - performance beyond the normal job duties and responsibilities that has reduced costs, improved service to the public, increased productivity or improved efficiencies.
2. Safety/Accident Prevention - significant safety contributions that resulted in reducing the State's exposure to unsafe conditions or that prevented accidents.
3. Training Achievement - recognition and rewards to individuals who completed a formal education or professional certification in a job-related field.
4. Humanitarian - performance of an act on or off duty, the result of which potentially saved or minimized injury or prevented loss of life or property.

5. Community Service - participation in community organizations or non-profit charitable activities that contributed to community improvement.
6. Suggestions/Inventions - providing original and constructive suggestions/inventions which are adopted by the State.
7. Length of Service - number of consecutive years' service in state government.

HB 517 PROPOSES A  
CASH AWARDS SYSTEM

Representative Ward's bill proposes a system to recognize state employees for many of the above categories by awarding cash to those who:

1. contribute to the efficiency, economy, or other improvement of the operations of the state by a suggestion, invention, superior accomplishment, or other personal effort; or
2. perform a special act or service in the public interest in connection with or related to their employment.

Proposed cash awards may not exceed \$10,000; or \$25,000 for "highly exceptional" and "unusually outstanding" contributions.

ONLY COST-SAVING  
BENEFITS REALIZED  
WARRANT CASH AWARDS

In our opinion, cash awards should only be given to those employees whose contributions resulted in cost-saving benefits to the State. These benefits would include:

1. Tangible benefits - actual material or resources saved. The amount of cash awarded for these benefits should be based on guidelines similar to those used by the Municipality of Anchorage. These guidelines are shown below.

Benefits RealizedAward

\$250 to \$1,000

\$25.00 for the first \$250.00 in benefits for each additional \$50.00 or fraction thereof.

\$1,001 to \$10,000

\$100.00 for the first \$1,000.00 in benefits, plus \$5.00 for each additional \$100.00 or fraction thereof.

\$10,001 to \$20,000

\$550.00 for the first \$10,000.00 in benefits, plus \$5.00 for each additional \$200.00 or fraction thereof.

\$20,001 to \$100,000

\$800.00 for the first \$20,000.00 in benefits, plus \$5.00 for each additional \$1,000.00 or fraction thereof.

\$100,001 or more

\$1,200 for the first \$100,00 in benefits plus \$5.00 for each additional \$5,000.00 or fraction thereof.

2. Intangible benefits - cost savings based on judgement rather than precise facts and provable calculations. The amount of cash awarded for these benefits would have to be based on their inherent merit and all relevant precedents.

OTHER AWARD METHODS  
SHOULD BE INCLUDED

Awards other than cash should also be included in any state awards system. Depending upon the merit of a contribution and the benefits derived, other types of awards should be given. These types of awards should include:

1. Letters of Commendation.
2. Certificates.
3. Plaques.
4. Service pins.

The awards system should also include Employee of the Year awards. Plaques and/or cash awards should be given annually to employees who successfully enhance the state's public image or perform in work situations above and beyond normal job duties. Emphasis should be given to employees who have made contributions in one or more of the following areas:

1. Cost savings to state operations.
2. Cost reductions to the taxpayer.
3. Innovation.
4. Initiative
5. Public image.
6. Public service.

AWARDS SYSTEM NEEDS  
A CENTRALIZED  
ADMINISTRATION

HB 577 does not address the administration of its proposed awards system. The bill simply states that the head of an agency or the Governor may pay cash awards to employees.

We feel that a state awards system needs to be administered by a central Employee Incentive Committee. Committee members should be appointed by the Governor and should represent a broad cross-section of state agencies. Committee responsibilities should include:

1. Developing and administering a budget for cash awards, plaques, etc.;
2. Ruling on eligibility questions;
3. Recommending adoption or non-adoption of eligible nominations;
4. Recommending the type and amount of award appropriate for any adopted nomination
5. Conducting a continuing review of the awards system and recommending changes in guidelines and/or budgetary needs to the Governor.

CONCLUSION

A state awards system is long overdue. Governor Sheffield recognizes the important role state employees have in achieving his goals and objectives. The Governor must also recognize that employees should be rewarded for their contributions.

HB 577 proposes one method of recognizing state employees. We feel, however, that this bill does not provide an overall state system of various types of awards and a centralized administration.

GMM/jw

ORGANIZATION STATE OF MICHIGAN  
 WORK LEVEL LEGISLATION - JUSTICE DEPT. STAFF

GENERAL PURPOSE GANTT  
 CHART

DATE 3-19-84  
 PAGE 1 OF 1

RESPONSIBILITIES	MTHS →																													
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
1- LEGISLATION - HB 577 *																														
- INTENT FUNDING & BUDGET IN COUNCIL																														
2- PROPOSED DRAFTING																														
- STEERING COMMITTEE																														
- POLICY DEVELOPMENT																														
- SURVEILLANCE MEAS.																														
- TREATMENT PLAN - REVIEW																														
3- 30 MONTH PLAN																														
4- REPORT TO LEGISLATURE																														
5- POLICE POLICIES																														
PROCESSES AND MODELS OF AWARD																														
6- POLICE CONTINUATION																														
7- 30 MONTH PLAN																														
8- POLICE POLICIES																														
PROCESSES AND MODELS OF AWARD																														

PREPARED BY [Signature]  
 APPROVED BY \_\_\_\_\_

\* Considered to "SUNSET" in 24 months, unless otherwise noted.

STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

REQUEST  
Bill/Resolution No.: HB 577  
Title: Awards for Superior  
Accomplishment  
Sponsor: Ward  
Requestor: House State Affairs  
Date of Request: March 9, 1984

FISCAL DETAIL  
Agency Affected: All Agencies  
Program Category Affected: All  
BRU, Program or Subprogram(s) Affected:  
Office of Management and Budget

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL		42.0	45.0	48.0	52.0	55.0
300 CONTRACTUAL						
400 SUPPLIES		2.5	2.5	2.5	2.5	2.5
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS		225.0	250.0	300.0	350.0	400.0
800 MISCELLANEOUS						
TOTAL OPERATING		269.5	297.5	350.5	404.5	457.5
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		44.5	47.5	50.5	54.5	57.5
FEDERAL FUNDS						
OTHER *		225.0	250.0	300.0	350.0	400.0
TOTAL						

POSITIONS:

FULL-TIME		0.0	0.0	0.0	0.0	0.0
PART-TIME		0.0	0.0	0.0	0.0	0.0
TEMPORARY		0.0	0.0	0.0	0.0	0.0

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

\*Sources are really the benefits or justified savings achieved by implementing the employees recommendation.

ANALYSIS: Attach a separate page for analysis

Prepared By: Frank Wheeler, Associate Director Phone: 465-3568  
Division: Office of Management & Budget-Management Date: 3/12/84

Approved by Commissioner Walter McDowell, Director Date: 3/12/84  
Agency: Office of Management & Budget

Distribution (by Agency preparing fiscal note):

Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

12/1/83

Fiscal Note -- H.B. 577  
Analysis

This bill encourages productivity by offering incentive compensation when worthwhile suggestions are submitted by State employees. The bill proposed two levels of awards:

- \$10,000 for superior accomplishments
- \$25,000 for unusually outstanding accomplishments

It is uncertain whether such a program could be offered without increasing the operating budget. This analysis assumes the program can be offered and administered with little additional cost.

Assumptions

1. For objectivity the Office of Management and Budget would be excluded from the proposed award system.
2. Many potential costs and many levels of benefits are possible. The following is assumed for first year program expenses:

<u>Category</u>	<u>Total Awards Paid/Agency</u>	<u>Number of Agencies</u>	<u>Annual Total</u>
Superior	\$10,000 X	15	\$150,000
Outstanding	\$25,000 X	3	\$ 75,000
			\$225,000

3. Other than the awards few other expenses are assumed.

An award banquet with the Governor, awarding checks and plaques

	<u>Travel costs to Anchorage</u>		
"Superior" Recipients	75	@ \$500	\$37,500
"Unusually Outstanding"	9	@ \$500	4,500
			\$42,000

4. Publicity via APEA newsletters, etc. estimated at \$2,500 annually

Program Summary:

1. Positions: No new positions are required. Staffing needs could be absorbed by Office of Management and Budget.
2. Other Expenditures: The cost of the award process not the actual awards could be the total program costs.

Funding:

The awards could be based upon the recurring annual savings (or a percentage of the recurring annual savings). Thus, the awards paid would be valued in terms of the annual benefits the State receives.

Summary:

Annual benefits = Annual Awards	
Awards -- Travel	\$42,000 or unknown
Publicity	<u>2,500</u>
	<u>\$44,500</u>

If not restricted to a target "pool of money," program costs could be enormous, especially if each award did not have to be justified on the basis of benefits received -- perhaps \$1,000,000 annually or more.

The bill should be more specific, even before planning award policies and procedures.

ems/1733



# Alaska State Legislature

---

## House of Representatives

---

PO BOX 2716  
ANCHORAGE, ALASKA 99510  
(907) 276-4506

WHILE IN JUNEAU  
POUCH V  
JUNEAU, ALASKA 99811  
(907) 465-4939

REPRESENTATIVE JERRY WARD  
DISTRICT 13

MEMBER FINANCE COMMITTEE  
CHAIRMAN OF SUBCOMMITTEE ON  
COMMERCE & ECONOMIC DEVELOPMENT  
CHAIRMAN OF SUBCOMMITTEE ON LABOR  
MEMBER OF SUBCOMMITTEE ON STATE LOANS

### MEMORANDUM

DATE: March 8, 1964

TO: Representative Mitch Abood, Chairman  
House State Affairs Committee

FROM: Representative Jerry Ward *JW*

RE: HB 577

In support of HB 577, I enclose the following materials:

1. House Research report 83-193 regarding Employee Incentive Systems.
2. Materials describing Federal Incentive System.
3. Materials describing California Incentive System.
4. News item describing Air Force Incentive System.



ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES  
RESEARCH AGENCY

Pouch Y, State Capitol  
Juneau, Alaska 99811  
(907) 465-3991

September 13, 1983

MEMORANDUM

TO: Representative Jerry Ward  
FROM: David Teal *Teal*  
Legislative Analyst  
RE: Employee Incentive Systems  
Research Request 83-193

You asked this agency to provide information on the federal employee incentive plan. Rosalie Howse, of the federal Office of Personnel Management, sent a package of material describing the program. I have enclosed that material, as well as material received from other sources, with this memorandum. The information is summarized below.

The Federal Employee Incentive Awards Program

The Federal Incentive Awards Program was established by Congress in 1954. Although the incentive program is sometimes referred to as a suggestion system, the program offers other incentives in addition to cash awards for suggestions. Incentives such as presidential awards, merit pay increases and other monetary and honorary awards are granted through the program in recognition of sustained superior performance or special acts or services substantially beyond normal job requirements. These awards are described in the attached federal personnel manual; this memorandum focuses on awards for employee suggestions.<sup>1</sup>

According to the attached report on the federal incentive awards program, public recognition of outstanding contributions by federal employees encourages other federal employees to perform in a similar manner. The government gains both tangible and intangible benefits from the program. Some employee ideas allow the government to direct staff, time, space and materials to other uses. Other ideas produce benefits that are less easy to measure, but which represent advancements in fields such as medical research, national security and environmental protection.

---

<sup>1</sup>Appendix A of the personnel manual offers a summary of awards and the requirements for obtaining them.

Each federal agency is allowed to set its own scale of awards for suggestions. Appendix C of the attached federal personnel manual provides an award scale offered as guidance to agencies in determining the size of award to be granted. For contributions with tangible benefits, the scale suggests that the award be 10 percent of the first \$10,000 saved, 3% of the next \$90,000, and .5% of savings in excess of \$100,000, to a maximum cash award of \$35,000. All awards refer to savings realized during the first year a suggestion is implemented. Awards are to be based on tangible benefits when possible, and awards based on intangible benefits are to be comparable with awards granted for suggestions with measurable benefits. An honor award may be granted in addition to, or instead of, a cash award.

A suggestion must be constructive and be submitted in writing in order to be eligible for an award. A suggestion must generally be outside the job responsibilities of the person or persons who submit the suggestion, and cannot concern employee services or benefits, working conditions, housekeeping, routine safety practices or maintenance of building and grounds. Once an award is made, the suggestion becomes the property of the government.

The reports on the Federal Incentive Awards Program focus on financial aspects of the program. The 1981 report states that the \$54.4 million in cash awards paid in 1981 were associated with \$1.9 billion in measurable benefits, for an average return of \$36 in savings for every dollar awarded. Longer-term data show benefits of over \$12 for every dollar paid in awards.

#### State Employee Suggestion Systems

California also reported a ratio of about \$12 in benefits for every dollar awarded by the State Merit Award Board. Ms. Louise Williams, an assistant administrator of the program, sent a letter and attachments describing the California incentive system. Like the federal system, the California Merit Award Program is more than a suggestion system; the Board rewards employee acts of heroism and superior accomplishment. The material sent by California is attached.

The California program is run by a staff of five. California has about 160,000 state employees eligible for awards (managers are ineligible) and received over 3,000 suggestions during fiscal year 1982. Twelve percent of suggestions resulted in cash awards by the Merit Board in 1982. A five member board settles any disputes that arise.

Several other states have incentive systems. Nebraska is currently surveying all states to determine the range of incentive programs that exist. A copy of results of that survey will be sent to us when the review process is completed.

Representative Ward  
September 13, 1983  
Page 3

The National Association of Suggestion Systems (NASS) publishes a membership directory as part of its member services. I contacted that organization in an attempt to obtain a listing of states with incentive programs. They did not send a directory, but did send a package describing member services. The material sent by NASS is attached.

NASS has published a set of legal guidelines for establishing a suggestion system and also hosts seminars and conferences on the subject. Although the organization appears to be oriented toward serving the private sector, government agencies are encouraged to join.

\* \* \*

I hope this memorandum is useful. I will forward the results of the Nebraska survey when we receive them. If you have further questions, please contact us.

DT

#### Attachments

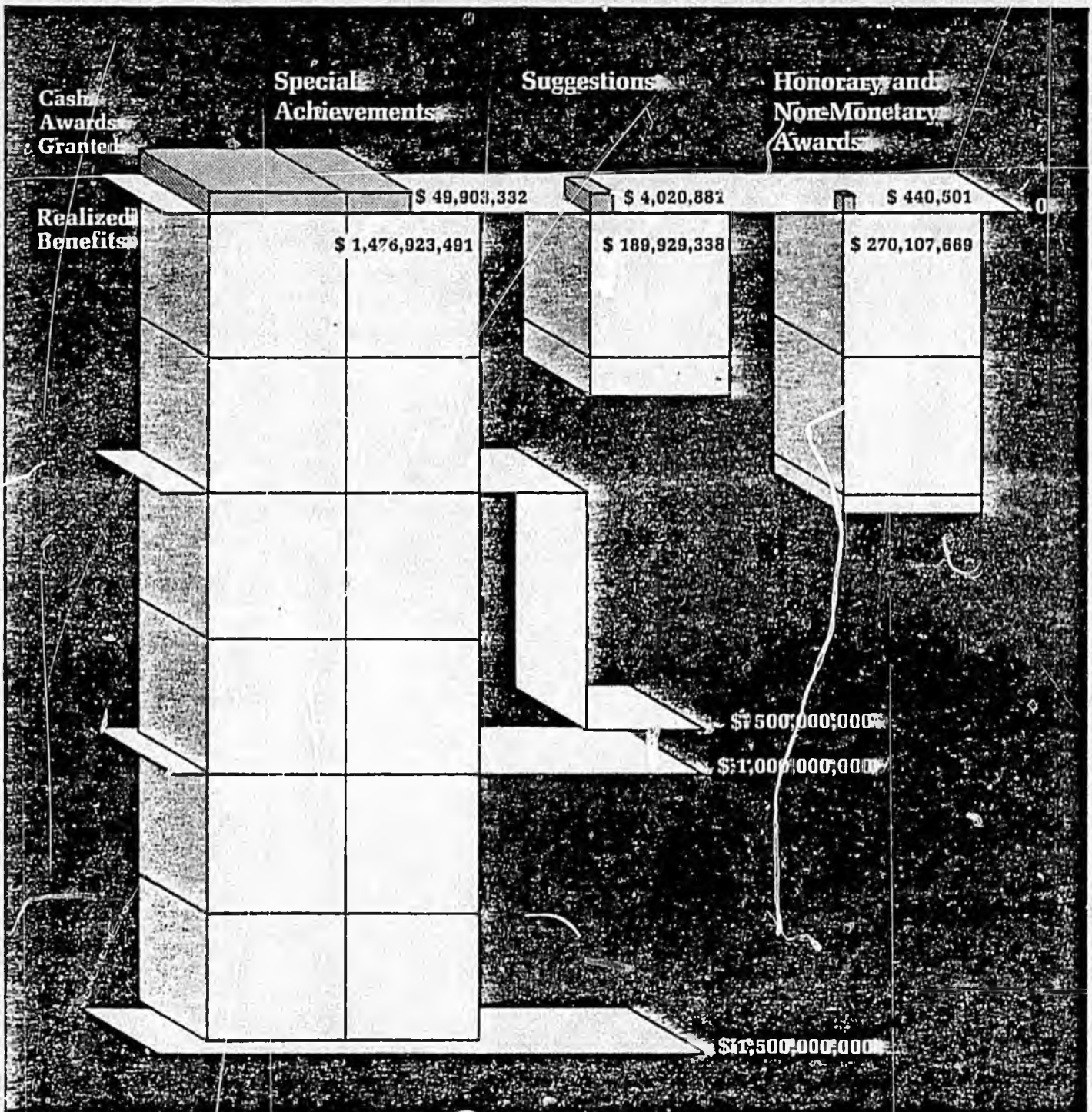
- Federal Office of Personnel Management
  - "Achievements" 1980 and 1981
  - Chapter 451, Federal Personnel Manual
  - New Incentive Awards Regulations
  - Fed Facts #1
- California Merit Awards Board
  - Administrative Manual
  - Code and Board of Control Rules
  - Financial Recapitulation
  - miscellaneous forms
- National Association of Suggestion Systems
  - Member Services Package

# A. Benefit/Cost Data

## Federal Investment in the Incentive Awards Program

These statistics indicate that about \$36 in tangible benefits are realized for each dollar of awards cost incurred. Benefits from suggestions continue, on the average, for more than three years.

Less than 1/10 of 1% of Federal payroll costs was paid in awards and provided recognition for one in nine employees through honorary awards, non-cash awards, or lump-sum cash awards.



# Summary of Fiscal Year 1981 Statistical Results

(Figures in Parentheses Reflect Fiscal Year 1980 Results)

## Suggestions

Ideas submitted by employees and adopted either in whole or partially by management.

Measurable Benefits .....	\$189,929,338 (\$146,296,989)	Average Benefits .....	\$4,803 (\$3,508)
Amount Paid in Awards.....	\$4,020,881 (\$3,921,223)	Average Award .....	\$137.23 (\$133.33)
Number Submitted .....	150,408 (160,855)	Participation Rate .....	5% (6.1)
Number Adopted .....	39,543 (41,733)	Adoption Rate .....	26.1 (27.2)
<b>Benefit/Award Ratio .....</b>		<b>47.2:1</b>	

## Special Achievements

Recognition in the form of cash awards for sustained superior performance over a specified period, or for a special act or service.

Measurable Benefits .....	\$1,476,923,491 (\$405,984,266)	Average Benefits .....	\$10,321 (\$2,602)
Amount of Awards.....	\$49,903,332 (\$40,499,409)	Average Award .....	\$349.09 (\$332.05)
Number Granted .....	145,089 (156,058)*	Rate Per 100 Employees.....	5.6 (5.9)
<b>Benefit/Award Ratio.....</b>		<b>29.5:1</b>	

## Honorary and Non-Monetary Awards

Recognition in the form of a medal, plaque, certificate or other item in recognition of significant employee accomplishments, or a certificate/letter of appreciation for a job well done.

Measurable Benefits .....	\$270,107,669	Number of Honor Awards Granted.....	17,427
Amount Paid in Cash Honoraria.....	\$440,501	Number of Non-Monetary Awards Granted....	38,922

## Quality Step Increases

Recognition in the form of an additional within-grade increase granted to General Schedule employees for sustained superior performance.

Estimated First-Year Cost.....	\$34,131,956 (\$36,849,237)	Average First-Year Cost.....	\$624 (\$677)
Number Granted .....	54,657** (54,152)	Rate Per 100 Employees.....	3.9 (3.0)

\*FY 1980 total includes honorary and non-monetary awards granted for performance contributions.

\*\*Previous years' reporting has included Quality Increase equivalents granted to employees of the U.S. Postal Service. The number of QSI equivalents will no longer be counted in the Quality Increase data.

The Government will pay up to \$35,000 to any employee who proposes a suggestion, develops an invention, or makes a contribution beyond the expected scope of his or her job, which significantly reduces costs or improves Government operations or services. Employees can also earn honorary recognition such as a medal or personal letter from the President.

The Incentive Awards Program was established because the Government believes that employees who exceed job standards deserve special recognition. It's a program that benefits everyone—employees, taxpayers, and the Government. As an employee you may benefit through earning extra cash, being recognized by co-workers and supervisors, and having the satisfaction of knowing that your ideas and efforts are welcome and useful. Also, you have a better chance of getting ahead because these awards are part of promotion consideration. As a taxpayer you benefit through better Government at less cost. And the Government benefits through increased efficiency, lower costs, and a better motivated and more productive and responsive work force.

## How to Earn an Award

You may earn awards for suggestions, inventions, or special achievements, as long as they benefit the Government and are outside your normal job responsibilities and standards. Awards may be paid to an individual employee or shared by a group.

### For a Suggestion or Invention...

Employees who have had the most suggestions adopted tell us that the way to succeed is to be sure that your suggestion promises solid improvements such as saving time, materials, or paperwork; simplifying procedures or processes; or improving services. They recommend the following systematic approach:

- Concentrate on what you know best within your organization and work area
- Pick a situation that needs improvement
- Write it down
- Include all the facts (what—where—when—who—how)
- Analyze these facts (ask why?)
- Think up a variety of possible improvements

- Choose the best
- Persuade others it is an improvement by explaining the benefits.

If you need help with your idea, talk to your supervisor or your incentive awards officer. They will be glad to help you, or to arrange for someone else to do so. Your personnel office can tell you the name of the incentive awards officer for your organization.

### For Performance...

Special achievement awards for exceptional accomplishments also are an important part of the program, and high-level performance or a significant achievement can earn you one.

Examples of the kind of performance that can earn special achievement awards are: exemplary performance or courageous handling of an emergency connected with official employment, or creative efforts that make important contributions to scientific research.

And, for employees in the General Schedule, continuing high-level performance of your job could earn you an additional pay increase.

## How Cash Awards Are Calculated

When benefits to the Government can be measured in dollars—such as reduction in production time, staff-hours, supplies, equipment, and space—awards are based on money saved during the first year the improvement is in effect. When benefits to the Government can't be measured in dollars, the amount of award is determined by the importance of the program affected and the impact of the contribution on the mission of the organization.

If your contribution benefits other organizations beyond your own, your award may be increased proportionately.

## These Are the Benefits

More than one out of four suggestions is adopted. The average suggestion award is \$133 and the average measurable benefit per adopted suggestion is \$3,506. In recent years, total measurable benefits from suggestions have averaged \$147 million a year. The highest award for a

suggestion was \$22,090, and for an invention, \$25,000.

Each year over 100,000 employees receive special achievement awards. The average cash award for a special achievement is \$22, and, in recent years, total measurable benefits from special achievement contributions have averaged \$228 million a year.

Combined results show that, each year, about one out of every eleven Federal employees receives an award for a suggestion, invention, or special achievement. And the American taxpayer and the Government realize about \$12 in benefits for every \$1 paid in awards to employees, as well as benefits that can't be measured, such as scientific achievements and improved service.

Thus, a modest investment in the awards program enables the Government to operate more efficiently—to do more, produce more, provide more services to the public with the same work force, redirect personnel and materiel to other priorities, and conserve resources.

## Supervisors Have a Special Role

All supervisors are responsible for using the program to increase individual and organizational productivity. And, as a result of the Civil Service Reform Act, monetary recognition will be linked directly to job performance and results.

Supervisors at all levels should encourage constructive thinking by their employees, help get good ideas adopted, and recommend awards for adopted ideas and superior accomplishments. In doing so, they gain the respect and confidence of the people they supervise, and benefit from more efficient operations and better employee morale and employee-supervisor relations. This contributes to a well-run organization that reflects credit on the supervisor concerned. Specifically, you can:

- Take a few minutes regularly to talk with your employees about work problems and invite their ideas for better methods, lowered costs, and increased production
- Act promptly on suggestions you receive for consideration (you can answer most inquiries in three days, so why "sit" on potential savings?)
- Recommend awards or other recognition for

employee performance substantially beyond job standards and for special achievements by individuals or groups.

Two booklets to help you fulfill your Incentive Awards Program responsibilities are: For first-line supervisors—*A Supervisor's (15-Minute) Guide to the Federal Incentive Awards Program*, and for managers and executives—*Plain Talk About Employee Incentives—A Manager's Guide to the Federal Incentive Awards Program*. These may be obtained from your personnel office, or at a modest cost from the Government Printing Office.

### It's Up to You

There are opportunities for improvement at all levels of Government. By using fully your skills and abilities, you can take advantage of these opportunities. Recent examples include people like the Federal Aviation Administration employee who, using extra initiative, assumed added job responsibilities, thus assuring flight safety; and the engineer who designed an inexpensive device to better drain condensed water from pressurized steam lines, saving the Navy \$10 million a year in reduced fuel consumption and repair costs.

As a Federal employee, you reap twofold benefits from the Incentive Awards Program—in rewards and recognition as a participant, and in better Government as a taxpayer. You can make specific and direct contributions to improve Government. The opportunity and challenge are yours!

### FED FACTS Pamphlets

- FED FACTS 1 The Incentive Awards Program
- FED FACTS 2 Political Activity of Federal Employees
- FED FACTS 3 The Civil Service Retirement System
- FED FACTS 4 Financial Protection for Federal Employees
- FED FACTS 5 The Federal Merit Promotion Policy
- FED FACTS 6 Serving the Public The Extra Step
- FED FACTS 7 The Federal Wage System
- FED FACTS 8 Meeting Your Financial Obligations
- FED FACTS 9 Maternity Benefits for Federal Employees
- FED FACTS 11 Actions for Unacceptable Performance and Adverse Actions
- FED FACTS 12 The Displaced Employee Program
- FED FACTS 13 Reductions in Force in Federal Agencies
- FED FACTS 14 Reemployment (Restoration) Rights of Federal Employees Who Perform Duty in the Armed Services
- FED FACTS 15 Federal Labor Relations
- FED FACTS 16 Pay Under the General Schedule
- FED FACTS 17 The Cost of Living Allowance for Federal Employees
- FED FACTS 18 The Intergovernmental Mobility Program
- FED FACTS 19 How Your GS Job Is Classified
- FED FACTS 20 Merit System Principles and Prohibited Personnel Practices
- FED FACTS 22 Reduction in Force Benefits Guide



United States  
Office of  
Personnel  
Management

# FED FACTS

## The Incentive Awards Program

# 1

## Appendix

## Criteria for Various Types of Recognition (See Subchapter 6 of this Chapter)

Type	Who May Receive	Nature of Contribution	Requirements Which Must Be Met	Description
Honor (Federal, Department, Agency or Bureau)	an individual or group <sup>1</sup> , a former employee, or the estate of a deceased employee, provided the contribution was made while the person was a Government employee.	a suggestion, invention, special achievement, or other personal effort that contributed to efficiency, economy, or improved Government operations; or for clearly significant achievements in fostering equal employment opportunity, energy conservation, scientific research, improved communications with the public, public service, etc.	As contained in appropriate announcement inviting nominations or in Department and Agency regulations.	Usually takes the form of a medal, plaque, or certificate.
Special Achievement				
a) for sustained superior performance	an individual, <sup>2</sup> a former employee, or the estate of a deceased employee, provided the performance took place while the person was a government employee.	superior performance of duties and responsibilities of the employee's assigned position, sustained over a significant period	<ul style="list-style-type: none"> <li>•The employee's most recent performance appraisal must support the conclusion that overall performance substantially exceeds an acceptable level of competence so that, when viewed as a whole, the employee's performance is at a high level of quality, and, for employees covered by an appraisal system established under 5 CFR Part 430, performance of all critical elements must have been at least fully satisfactory.</li> <li>•Supervisors and managers must have demonstrated effective use of incentive awards to motivate their employees, and receptivity to and encouragement of employee suggestions, to the extent that they had opportunity.</li> </ul>	Cash Award. The amount normally is based on a percentage of the rate of basic pay. An honor award may be granted in addition to, or instead of, a cash award, if it better serves the purpose of matching the award to both the contribution and the employee.

<i>Type</i>	<i>Who May Receive</i>	<i>Nature of Contribution</i>	<i>Requirements Which Must Be Met</i>	<i>Description</i>
b) for special act or service	an individual or group, a former employee, or the estate of a deceased employee, provided the special act or service took place while the person was a Government employee.	performance which has exceeded job requirements as a one-time occurrence, for example, a particular project or assignment which involved overcoming unusual difficulties, performance of assigned duties with special effort or innovation that resulted in significant economies or other highly desirable benefits, creative efforts that made important contributions to science or research or exemplary or courageous handling of an emergency situation related to official employment.	<p>The contribution has been described in writing and submitted within locally-specified time limit (a current performance appraisal may be used, if it contains the required information).</p> <p>Provided that the contribution has been described in writing and submitted within any locally-specified time limit. Must be in the public interest and connected with or related to, official employment.</p>	Cash award from \$25 to \$35,000. The amount is in proportion to the benefits realized by the Government. When the award is for a group, all members of the group should share in the recognition. The amount may be shared equally or the total may be divided in proportion to the individual contributions to the group effort. However, the total amount of the award may not exceed the amount authorized for that type of contribution if it were being awarded to an individual. An exception may be made by an agency authorized official, if individual award amounts would be too small to be motivating. An honor award may be granted in addition to, or instead of, a cash award, if it better serves the purpose of matching the award to both the contribution and the employee.

<i>Type</i>	<i>Who May Receive</i>	<i>Nature of Contribution</i>	<i>Requirements Which Must Be Met</i>	<i>Description</i>
Quality Step Increase	an individual employee paid under the General Schedule (Does not include Merit Pay (GM) or Senior Executive Services (SES) personnel).	sustained high quality performance at a level that substantially exceeds an acceptable level of competence for a period of time sufficient to conclude that such a level is characteristic of the employee's performance and is expected to continue in the future.	<p>Provided:</p> <ul style="list-style-type: none"> <li>•The recommendation is supported by the employee's most recent performance appraisal.<sup>1</sup></li> <li>•Overall performance must have substantially exceeded an acceptable level of competence so that, when viewed as a whole, the employee's performance is at a high level of quality, and, for employees covered by an appraisal system established under 5 CFR Part 430, performance of all critical elements must have been at least fully satisfactory.</li> <li>•Performance must have been sustained at this level for a sufficient time that it is considered characteristic of the individual's performance and is, therefore, expected to continue in the future.</li> <li>•The employee has not received a quality-step increase during the past 52 weeks.</li> <li>•The employee is not at the top rate for the grade on the pay schedule.</li> </ul>	An additional within-grade increase which indefinitely raises the employee's rate of basic pay. An honor or cash award may be granted in addition to a quality step increase.

Type	Who May Receive	Nature of Contribution	Requirements Which Must Be Met	Description
Suggestion	an individual or group <sup>1</sup> , a former employee or the estate of a deceased employee provided the contribution was made while the person was a government employee.	an adopted suggestion, whether adopted as submitted or in part, that directly contributes to economy or efficiency, or directly increases effectiveness of Government operations.	<p>Provided the suggestion:</p> <ul style="list-style-type: none"> <li>•Is outside the suggester's job responsibilities or, if within them, so superior that it warrants special recognition.</li> <li>•Has been submitted in writing either before adoption or within any locally-specified time thereafter.</li> <li>•Does not concern employee services or benefits, working conditions, or house-keeping, (except for suggestions concerning improved use or conservation of energy resources which result in tangible benefits).</li> </ul>	Cash award from \$25 to \$35,000. The amount is in proportion to the benefits realized by the Government. An honor award may be granted in addition to, or instead of, a cash award, if it better serves the purpose of matching the recognition to both the contribution and the employee.

<sup>1</sup> Includes: (a) Senior Executives (SES, Non-SES, and Others) (b) Under separate authority, Merit Pay (GM) employees, for other than pay-for-performance related awards.  
<sup>2</sup> Includes Senior Executives (SES, non-SES, and Others), Merit Pay (GM) employees are eligible for pay-for-performance related awards under separate authority—see agency regulations. Methods of processing awards, awards scales, criteria, and level of approval for awards vary. Check local regulations or contact your Incentive Awards Program Administrator for additional guidance.  
<sup>3</sup> If appraisal is more than 60 days old, a written statement of reasons for granting the recognition must accompany the appraisal.

## Appendix C.

### Determining Award Amounts

---

#### C-1. GENERAL

The following award scales are offered as guidance to agencies in making decisions on employee contributions (a suggestion, invention, superior perform-

ance of assigned job responsibilities, or a special act or service) that benefit the Government. Further guidance appears in subchapter 2, "Payment of Awards."

#### C-2. FOR SUGGESTIONS, INVENTIONS, AND SPECIAL ACTS OR SERVICES

**Table 1a. Contributions With Tangible Benefits**

<i>Estimated First-Year Benefits to Government</i>	<i>Amount of Award</i>
Up to \$10,000 .....	10% of benefits
\$10,001-\$100,000 .....	\$1,000 for the first \$10,000, plus 3% of benefits over \$10,000
\$100,001 or more .....	\$3,700 for the first \$100,000 plus .5% of benefits over \$100,000

Table 1b. Quick Guide for Calculating Awards Based on Tangible Benefits

Benefits	Award	Benefits	Award	Benefits	Award	Benefits	Award	Benefits	Award
Up to \$10,000	10%	50,000	2,200	90,000	3,400	170,000	4,050	1,800,000	12,200
11,000	1,030	51,000	2,230	91,000	3,430	175,000	4,075	1,900,000	12,700
12,000	1,060	52,000	2,260	92,000	3,460	180,000	4,100	2,000,000	13,200
13,000	1,090	53,000	2,290	93,000	3,490	185,000	4,125	2,100,000	13,700
14,000	1,120	54,000	2,320	94,000	3,520	190,000	4,150	2,200,000	14,200
15,000	1,150	55,000	2,350	95,000	3,550	195,000	4,175	2,300,000	14,700
16,000	1,180	56,000	2,380	96,000	3,580	200,000	4,200	2,400,000	15,200
17,000	1,210	57,000	2,410	97,000	3,610	225,000	4,325	2,500,000	15,700
18,000	1,240	58,000	2,440	98,000	3,640	250,000	4,450	2,600,000	16,200
19,000	1,270	59,000	2,470	99,000	3,670	275,000	4,575	2,700,000	16,700
20,000	1,300	60,000	2,500	100,000	3,700	300,000	4,700	2,800,000	17,200
21,000	1,330	61,000	2,530	101,000	3,705	325,000	4,825	2,900,000	17,700
22,000	1,360	62,000	2,560	102,000	3,710	350,000	4,950	3,000,000	18,200
23,000	1,390	63,000	2,590	103,000	3,715	375,000	5,075	3,100,000	18,700
24,000	1,420	64,000	2,620	104,000	3,720	400,000	5,200	3,200,000	19,200
25,000	1,450	65,000	2,650	105,000	3,725	425,000	5,325	3,300,000	19,700
26,000	1,480	66,000	2,680	106,000	3,730	450,000	5,450	3,400,000	20,200
27,000	1,510	67,000	2,710	107,000	3,735	475,000	5,575	3,500,000	20,700
28,000	1,540	68,000	2,740	108,000	3,740	500,000	5,700	3,600,000	21,200
29,000	1,570	69,000	2,770	109,000	3,745	550,000	5,950	3,700,000	21,700
30,000	1,600	70,000	2,800	110,000	3,750	600,000	6,200	3,800,000	22,200
31,000	1,630	71,000	2,830	111,000	3,755	650,000	6,450	3,900,000	22,700
32,000	1,660	72,000	2,860	112,000	3,760	700,000	6,700	4,000,000	23,200
33,000	1,690	73,000	2,890	113,000	3,765	750,000	6,950	4,100,000	23,700
34,000	1,720	74,000	2,920	114,000	3,770	800,000	7,200	4,200,000	24,200
35,000	1,750	75,000	2,950	115,000	3,775	850,000	7,450	4,300,000	24,700
36,000	1,780	76,000	2,980	116,000	3,780	900,000	7,700	4,360,000	25,000**
37,000	1,810	77,000	3,010	117,000	3,785	950,000	7,950		
38,000	1,840	78,000	3,040	118,000	3,790	1,000,000	8,200	* Awards over \$10,000 require the approval of the Office of Personnel Management.	
39,000	1,870	79,000	3,070	119,000	3,795	1,050,000	8,450		
40,000	1,900	80,000	3,100	120,000	3,800	1,100,000	8,700		
41,000	1,930	81,000	3,130	125,000	3,825	1,150,000	8,950		
42,000	1,960	82,000	3,160	130,000	3,850	1,200,000	9,200		
43,000	1,990	83,000	3,190	135,000	3,875	1,250,000	9,450		
44,000	2,020	84,000	3,220	140,000	3,900	1,300,000	9,700		
45,000	2,050	85,000	3,250	145,000	3,925	1,350,000	9,950		
46,000	2,080	86,000	3,280	150,000	3,950	1,400,000	10,200*		
47,000	2,110	87,000	3,310	155,000	3,975	1,500,000	10,700		
48,000	2,140	88,000	3,340	160,000	4,000	1,600,000	11,200	** Maximum award authorized by the Office of Personnel Management. A Presidential Award of up to \$10,000 may be paid in addition to the \$25,000.	
49,000	2,170	89,000	3,370	165,000	4,025	1,700,000	11,700		

Table 2. Scale of Awards Based on Intangible Benefits

Value of Benefit	Extent of Application			
	Limited	Extended	Broad	General
	Affects functions, mission, or personnel of one office, facility, installation, or an organizational element of a headquarters.  Affects a small area of science or technology.	Affects functions, mission, or personnel of several offices, facilities, or installations.  Affects an important area of science or technology.	Affects functions, mission, or personnel of an entire regional area of command. May be applicable to all of an independent agency or a large bureau.  Affects a broad area of science or technology.	Affects functions, mission, or personnel of several regional areas or commands, or an entire department or large independent agency, or is in the public interest throughout the Nation or beyond.
<b>MODERATE VALUE</b> — Change or modification of an operating principle or procedure which has moderate value sufficient to meet the minimum standard for a cash award; an improvement of rather limited value of a product, activity, program, or service to the public.	\$25-100 (compare with \$250-1,000 tangible benefits)	\$100-250 (compare with \$250-1,000 tangible benefits)	\$250-500	\$500-1,000
<b>SUBSTANTIAL VALUE</b> — Substantial change or modification of an operating principle or procedure; an important improvement to the value of a product, activity, program, or service to the public.	\$100-250 (compare with \$1,000-2,500 tangible benefits)	\$250-500 (compare with \$2,500-5,000 tangible benefits)	\$500-1,000 (compare with \$1,000-2,500 tangible benefits)	\$1,000-2,500
<b>HIGH VALUE</b> —Complete revision of a basic principle or procedure; a highly significant improvement to the value of a product, major activity, or program, or service to the public.	\$250-500	\$500-1,000 (compare with \$5,000-10,000 tangible benefits)	\$1,000-2,500 (compare with \$10,000-50,000 tangible benefits)	\$2,500-5,000 (compare with \$25,000-100,000 tangible benefits)
<b>EXCEPTIONAL VALUE</b> — Initiation of a new principle or major procedure; a superior improvement to the quality of a critical product, activity, program, or service to the public.	\$500-1,000	\$1,000-2,500	\$2,500-5,000 (compare with \$50,000-100,000 tangible benefits)	\$5,000-10,000 (compare with \$100,000-1,000,000 tangible benefits)

(1) The minimum award for tangible benefits may be granted only when the benefits reach or exceed \$250 or an agency-determined minimum. The minimum award for intangible benefits should require a comparably high standard.

(2) Contributions recognized by cash awards based on intangible benefits must be comparable, in value to the Government, with those based on tangible ben-

efits. Comparisons are shown, in parenthesis, below the award amounts in table 2.

(3) When a contribution has both tangible benefits and intangible benefits, the amount of award is based on the total value of the contribution to the Government, i.e. a combination of the award amount based on tangible and the award amount based on intangible benefits.

**C-3. FOR SUSTAINED SUPERIOR PERFORMANCE****Table 3. Special Achievement Awards for Sustained Superior Performance**

- Up to 15% of base salary -

An agency may establish a fixed percentage rate for all personnel covered under chapter 451, or a range of percentages. When a range is used, OPM suggests that the amount granted reflect the degree to which the individual employee's performance exceeded the standards of performance for the job. These awards must be based upon a current performance appraisal. The full amount for a sustained superior performance award may be granted only once in any 52-week period.

## STATE MERIT AWARD BOARD

1115 11TH STREET  
SACRAMENTO, CALIFORNIA 95814

(916) 324-0522/ATSS 454-0522



July 20, 1983

David Teal  
Alaska Legislature  
House Research Agency  
Pouch Y  
Juneau, Alaska 99811RECEIVED  
AUG 02 1983

HOUSE RESEARCH AGENCY

Dear Mr. Teal:

You recently requested information about the State's Merit Award Program.

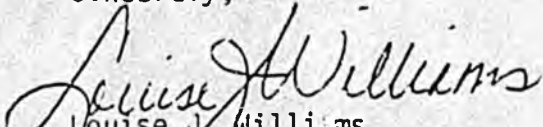
The program was established in 1950 to encourage employees to submit their ideas for improving procedures and reduce expenditures. Our office reviews all the new suggestions and refers all eligible ideas to the appropriate department for evaluation. Department reports are reviewed by staff of the Merit Award Board to ensure that a fair and impartial report has been prepared. Employees are notified of the decision of the department if adopted and the Merit Award Board recommends approval of an award. If a suggestion cannot be adopted, the employee receives a copy of the department's decision.

In addition to our suggestion program, we also recognize State employees for acts of heroism and for superior accomplishments. The awards for heroism are honorary, consisting of a certificate and a medal of valor which is presented by the Governor. This action is defined under a Special Act category as an extraordinary act of heroism by a State employee performed at great risk to his own safety or life in an effort to save human life. The Special Service category is defined as an act of heroism by a State employee performed at personal risk to save property. These awards are intended to be "prestige" awards and are made on a highly selective basis.

We have two categories for the Superior Accomplishment awards. One is the Sustained Superior Accomplishment which is defined as an act of superior job performance resulting in an exceptional contribution to the efficiency of State Government. The other is a Superior Accomplishment which is defined as an act which results in an outstanding and superior achievement of a non-recurring nature as an important contribution to science or research or improvement in an agency's operation. For your information, I am enclosing copies of the law; regulations; form letters; and application form; and the SAM which thoroughly explains our operation.

We believe this program is a vital program which has resulted in savings of millions of dollars for California, as well as improved operations. If I can provide any further information, please let me know.

Sincerely,



Louise J. Williams

Louise J. Williams  
Assistant Merit Award Administrator

LJW:sm

RECAPITULATION OF AWARDS AND SAVINGS

MERIT AWARD BOARD

<u>FISCAL YEAR</u>	<u>SUGG. REC'D</u>	<u>NO. OF CERTS AWARDED</u>	<u>NO. OF CASH AWARDS</u>	<u>TOTAL AWARDS</u>	<u>AMT. OF CASH AWARDS</u>	<u>FIRST YEAR'S SAVINGS</u>	<u>ADOPT RATE %</u>
50/51	784	23	24	47	\$ 1,931	\$ 41,396	6.0
51/52	1,642	65	87	152	3,812	108,250	9.3
52/53	1,537	68	96	164	4,290	121,601	10.7
53/54	2,157	125	292	417	7,553	273,014	19.3
54/55	3,000	87	183	270	13,211	204,953	9.0
55/56	2,799	146	191	337	7,821	224,220	12.0
56/57	2,483	97	210	307	9,016	190,458	12.4
57/58	3,073	151	300	451	18,266	341,302	14.7
58/59	3,468	132	296	428	10,367	219,031	12.3
59/60	2,998	193	276	469	11,712	246,784	15.6
60/61	4,403	225	314	539	24,548	307,806	12.2
61/62	3,231	206	327	533	24,596	477,778	16.5
62/63	2,852	187	352	539	32,614	370,025	18.9
63/64	3,522	155	263	418	16,546	238,200	11.9
64/65	2,663	164	215	379	10,013	306,946	14.2
65/66	3,094	166	337	503	29,907	160,973	16.3
66/67	3,641	183	342	525	16,921	329,163	14.4
67/68	3,394	180	346	526	66,701	542,028	15.5
68/69	2,752	130	322	452	15,213	373,290	16.4
69/70	2,546	163	309	472	38,211	329,442	18.5
70/71	2,732	132	353	485	28,700	964,553	17.8
71/72	2,283	162	327	489	66,346	716,083	21.4
72/73	2,186	97	254	351	105,679	1,224,234	16.1
73/74	2,503	69	299	368	51,821	1,659,318	14.7
74/75	2,967	66	387	453	106,604	2,297,221	15.3
75/76	3,649	84	394	478	162,439	1,628,387	13.1
76/77*	3,413	44	406	450	139,493	1,647,230	13.2
77/78*	2,921	0	535	535	168,627	752,070	18.3
78/79	2,467	0	452	452	87,465	745,759	18.3
79/80	2,969	0	461	461	96,731	791,567	15.5
80/81	2,404	0	350	350	95,725	852,129	14.6
81/82	3,220	0	390	390	225,147	2,499,043	12.1
Total	89,753	3,500	9,690	13,190	1,697,930	21,184,254	14.6

\* Refer to Schedule 1B 77/78 Legislative Report

GOVERNMENT CODE

Section 19823. The Department may make awards to current or retired state employees who:

- (a) Propose procedures or ideas which hereafter have been adopted and which will result in eliminating or reducing state expenditures or improving operations; provided, such proposals are placed in effect; or
- (b) Perform special acts or special services in the public interest; or
- (c) By their superior accomplishments, make exceptional contributions to the efficiency, economy or other improvement in the operations of the State Government.

Awards for superior accomplishments shall be made in accordance with procedures and standards established by the Department.

Any award made by the Department under the provisions of this section may be paid from the appropriation available to the state agency affected by the award.

The director may adopt rules and regulations to carry out the provisions of this section, and may appoint merit award boards made up of state officers, employees, or citizens to consider employee proposals, special acts, special services, or superior accomplishments, and to make recommendations to the department as to the merits of the proposals, special acts, special services, or superior accomplishments, and whether or not the proposals, special acts, special services, or superior accomplishments justify an award.

Any award granted under the provisions of this section shall be limited to three thousand dollars (\$3,000) unless a larger award is approved by concurrent resolution of the Legislature.

Any expenditures made or costs incurred heretofore or hereafter by the director for the purposes of this section may be paid from funds available for the support of the Department.

If the provisions of this section are in conflict with the provisions of a memorandum of understanding reached pursuant to Chapter 12 (commencing with Section 3560) of Division 4 of Title 1, the memorandum of understanding shall be controlling without further legislative action, except that if such provisions of a memorandum of understanding require the expenditure of funds, the provision shall not become effective unless approved by the Legislature in the annual Budget Act.

EMPLOYEE SUGGESTION

STD 645 (2/79)

Please type or print with pen in black or dark blue ink only - Do not use pencil

NAME OF EMPLOYEE(S) (LAST, FIRST, MIDDLE INITIAL) <input type="checkbox"/> MISS <input type="checkbox"/> MRS. <input type="checkbox"/> MS. <input type="checkbox"/> MR.	DEPARTMENT (INCLUDE ADDRESS OF WORK LOCATION)	CIVIL SERVICE TITLE
		WORKING TITLE
RESIDENCE ADDRESS (NO., STREET)		PUBLIC NO.
(CITY	ZIP)	OFFICE PHONE ( ) ATBS NO.

SUBJECT TITLE - DESCRIPTION IN A FEW WORDS

IF MORE SPACE NEEDED, ATTACH ADDITIONAL SHEETS

THE WAY IT IS NOW

THE WAY I SUGGEST IT SHOULD BE

ADVANTAGES OF MY IDEA

IN CONSIDERING MY SUGGESTION (CHECK ONE) <input type="checkbox"/> YOU MAY DISCLOSE MY NAME <input type="checkbox"/> DO NOT DISCLOSE MY NAME UNLESS SUGGESTION IS ADOPTED	The use by the State of California of my suggestion shall not form the basis of a further claim of any nature upon the State of California by me, my heirs or assigns.	SIGNATURE EACH SUGGESTER (NOT ACCEPTABLE IF UNSIGNED)	DATE
--	--	---	------

STATE ADMINISTRATIVE MANUAL

MERIT AWARD PROGRAM

(Continued)

THE STATE MERIT AWARD BOARD (New 12/74)

4702.2

Receiving and promptly referring to the agencies concerned with the subject matter all suggestions qualifying under Board of Control Rules and these guidelines.

Insuring prompt evaluation of suggestions by the agencies and keeping suggesters informed as to the progress of the evaluation.

Notifying suggesters of awards approved or reasons for nonadoption of their suggestions.

Distributing promotional information to Merit Award Coordinators and, occasionally, to all state employees.

THE STATE AGENCY (DEPARTMENT) HEAD (Revised and Renumbered from 4760 12/74)

4702.3

Each department head is responsible for:

Establishing an administrative atmosphere in which employees are free to offer constructive ideas for improvement.

Encouraging, through all management levels, the submission of constructive suggestions through the Merit Award Program.

Keeping abreast of Merit Award activity in his agency.

Participating, when possible, in the presentation of awards.

Appointing a Merit Award Coordinator who is authorized to represent the views of the agency to the Merit Award Board on suggestions and other awards, and for notifying the Merit Award Board as to the person so designated.

Insuring sufficient staff time is available for prompt and thorough evaluation of all suggestions affecting the agency.

THE MERIT AWARD COORDINATOR (Revised and Renumbered from 4762 12/74)

4702.4

Each Departmental Merit Award Coordinator is responsible for:

Insuring that all agency employees are informed about the program through orientation packets and meetings, publications, posters, and publicity about award recipients.

Insuring that suggestion forms are readily available to all employees at all times.

Interpreting the program policy and procedures for all agency personnel.

Insuring agency-wide distribution of posters, forms, or other promotional material received from the Merit Award Board.

Assigning qualified personnel to investigate and report upon suggestions referred by the Merit Award Board for evaluation.

Insuring that evaluations are factual, promptly made, courteously drafted, and represent the best interests of the agency and of the program.

Informing the head of the agency, periodically, of the status of the agency program; i.e., experience, successes, problems, and needs.

Coordinating the receipt and presentation, at suitable ceremonies, of award letters, certificates, and checks.

STATE ADMINISTRATIVE MANUAL

MERIT AWARD PROGRAM

THE SUGGESTION EVALUATOR (Revised and Renumbered from 4764 12/74)

4702.5

Each suggestion evaluator is responsible for:

Approaching the evaluation of suggestions with an open mind, insuring that the ultimate decision on the suggestion is in the best interests of the agency and the State.

Completing the evaluation as promptly as possible and keeping the agency Merit Award Coordinator apprised of the estimated date of completion where a delay is unavoidable.

Writing suggestion evaluations:

(a) with sufficient information on the adoption thereof and the benefits arising therefrom on which to calculate an appropriate award, or (b) with the reasons for nonadoption stated in a factual and impersonal format, keeping in mind that the employee is to be encouraged to submit other ideas. Suggesters will be furnished with a copy of nonadoption evaluations by the Board.

THE SUPERVISOR (Revised and Renumbered from 4763 12/74)

4702.6

Each supervisor is responsible for:

Encouraging employees to offer constructive suggestions through the Merit Award Program.

Assisting employees in the development and presentation of their suggestions.

Making suggestion forms available at all times.

Participating in award-presentation ceremonies with the employees supervised.

MERIT AWARD CALENDAR (Revised and Renumbered from 4701 12/74)

4703

Upon request by the Merit Award Coordinator, the Board will forward, seven days prior to the monthly meetings of the Board, either a full copy of the Board calendar or only that part which contains suggestions adopted by the agency. This will permit the agency to review the subject matter and to present views to the Board prior to or at the meeting on calendared matters. When receiving a full calendar, it also permits the agency to consider all adopted suggestions for application to its own operations.

The closing date for placing recommendations of approval or disapproval on the calendar of the Board is the 20th of the month. Recommendations received after the closing date will be delayed until the next regular meeting of the Board.

ELIGIBILITY FOR PARTICIPATION (Revised 1/79)

4704

Except as stated in Board of Control Rules, amended effective February 1, 1979, all State employees are eligible to participate in and submit suggestions through the Merit Award Program. Eligibility for awards is discussed in SAM Section 4711.

Temporary, casual and emergency employees may not submit suggestions for an award unless their suggestions are submitted while they are actually employed by the State.

Retired state employees may not submit suggestions for an award.

STATE ADMINISTRATIVE MANUAL

MERIT AWARD PROGRAM

ELIGIBILITY FOR AWARDS (Revised and Renumbered from 4710 12/74)

4711

Employee eligibility for awards offered by the Merit Award Program shall be measured in terms of assigned or expected job responsibilities.

It is the policy of the Board to make an award commensurate with the contribution of the employee to the results obtained from his efforts and his suggestion. A suggester is not precluded from a proportionate award in those situations where the solution adopted differs from that proposed in his suggestion.

When there is reason to believe that a suggestion is within the scope of the suggester's assigned duties, the employing agency will be asked to provide a copy of the duty statement showing the actual duties performed by the suggester at the time the suggestion was submitted to the Board.

Except as provided elsewhere in this chapter, a suggestion which describes a specific problem, offers a workable solution, and is intended to be of benefit to the operations of the State of California will be accepted for possible implementation. The idea need not be original with the suggester, but the Board will carefully weigh all facts and opinions where there is a dispute as to its origin before granting an award for the adopted suggestion.

UNACCEPTABLE SUGGESTIONS (Revised 1/79)

4712

The Board will not accept for evaluation suggestions which:

Involve personal grievances.

Recommend increased taxes or license fees.

Recommend additional revenues at the expense of a segment of taxpayers and which can be classified as unjust or inequitable.

Recommend a change in the pay or classification of a position or a class, or the establishment of new positions. This area is held to be the continuing responsibility of the agency and the State Personnel Board.

Recommend a "study", "survey", or "review" with the course of action to be taken in accordance with the findings.

CONDITIONAL ACCEPTABILITY (Revised and Renumbered from 4720-4731 12/74)

4713

The following types of suggestions may be accepted for evaluation and awards, subject to the conditions stated:

1. Implementation of organization and methods studies conducted by state agencies or private consultants, for five years after the original date of completion or submission of the report of such studies. Thereafter, the Board may consider such suggestions for an award but may use a reduced formula upon which to make the award.

(Continued)

STATE ADMINISTRATIVE MANUAL

MERIT AWARD PROGRAM

(Continued)

CONDITIONAL ACCEPTABILITY (Revised and Renumbered from 4720-4731 12/74)

4713

2. Increase penalties or assessments. An award may be made only when it is proven conclusively that the agency involved would suffer a monetary loss by the continuation of the lower, existing penalty or assessment.
3. Impose a penalty for the nonpayment of a fee or tax not previously assessed. An award may be made only when it is proven conclusively that such nonpayment either causes additional costs to the affected agency or affords the delinquent taxpayer an unfair advantage over other taxpayers.
4. Increase collection of monies legally due to the State. An award may be made to a suggester who is not normally responsible for such collection activity.
5. Impose a charge for state publications distributed to the general public without charge. An award will not be made for such a suggestion unless it is shown that the publication had been printed at the request of a special group, at the expense of the general taxpayers.
6. Transfer a function from the State to another governmental jurisdiction. An award for such a suggestion will be computed on the net savings to California taxpayers, i.e., the difference in costs of performing the function. Where net savings cannot be measured, a modified award may be made when it is clearly proven there are other benefits to the taxpayers by transferring the function.
7. Transfer funds between the State and its political subdivisions or between the State and the Federal Government. An award for such a suggestion will be computed on the net savings or income to California taxpayers. Where such net savings or income cannot be measured, a modified award may be made where it is clearly proven the benefits from such transfer is a marked improvement in procedures and benefits will inure to the taxpayers or the government of the State of California.

SUBMITTING SUGGESTIONS (Revised and Renumbered from 4761 12/74)

4720

Suggestions shall be submitted by the employee, on Merit Award Board Employee Suggestion Std. Form 645, directly to the Board by mail or messenger service.

Agencies will not require that their employees submit suggestions through agency channels nor screen them before they are presented to the Board.

The identity of the suggester will not be revealed to the evaluator during the initial evaluation if the suggester has checked "Do Not Disclose My Name", on the suggestion form. The identity will be revealed when the idea has been adopted, the suggester's job responsibility must be assessed in relation to the suggester and an award is indicated.

EVALUATING SUGGESTIONS (Revised and Renumbered from 4764 12/74)

4730

1. All suggestions accepted by the Merit Award Board as qualifying under acceptability standards will be referred immediately to one or more agencies having responsibility for the subject matter or application in their operations.
2. Sufficient copies of the suggestion and evaluation forms will be provided in accordance with the needs of the agency.
3. It is the responsibility of the agency to evaluate all suggestions referred to it within 30 days of receipt. Reasons for delays in the completion of the evaluation shall be reported to the Board. This will permit informing the suggester as to the status of his suggestion.

STATE ADMINISTRATIVE MANUAL

MERIT AWARD PROGRAM

(Continued)

EVALUATING SUGGESTIONS (Revised and Renumbered from 4764 12/74)

4730

4. Unreasonable delays in completing evaluations, without a prompt and sufficient explanation therefor shall be called to the attention of the agency head by the Board.
5. Agency suggestion evaluators are encouraged to discuss the suggestions with their authors on points which require further detail or explanation.
6. Evaluations prepared by the person having immediate responsibility for the subject matter shall be reviewed at least by his supervisor and by the designated agency suggestion coordinator.
7. The Board will forward to the suggester a copy of all tracers or letters regarding the status of a suggestion which has not been evaluated promptly or where additional data is required. Suggesters also will receive a copy of the evaluation which sets forth the reasons for nonadoptions. Therefore, it is incumbent on evaluators to couch such reports in factual terms, rather than personal ones.
8. The identity of the evaluator will not be disclosed to the suggester, as the position adopted is presumed to be that of the agency, rather than that of the evaluator.
9. The Board may request that agencies which reject a suggestion, for the reason it is under active consideration by the agency, support the position by copies of records, correspondence, reports, or other evidence satisfactory to the Board.
10. Suggestions requiring legislative action before they can be placed into effect will be referred to the agency concerned. Each agency receiving such a suggestion will include, in its evaluation report, a recommendation either for or against such legislative changes and will give the reasons for the position taken.

If an agency advises that necessary legislation will be introduced, the suggestion will be placed in a deferred consideration status until the end of the next session of the Legislature. The employee and the agency will be notified as to the action taken on the suggestion and there will be no further follow-up to the agency until final action has been taken on the legislation.

Each evaluation report containing a recommendation against the introduction of legislation will be reviewed by the Merit Award Board, at one of its regular meetings. The Board may refer the proposal for final decision to the affected Agency Secretary, or to the Department of Finance where appropriate.

The Merit Award Board will not sponsor any legislation without the specific approval of the Board of Control.

AWARDS (Revised 1/79)

4740

Awards shall be calculated in accordance with Board of Control rules, except as provided in the following formulae for suggestions achieving a one-time saving or based upon improved procedures or safety.

Whenever possible, awards shall be based on savings or earnings realized by the State in the first year following the date the suggestion is placed in effect.

If the net benefits realized or expected during the first year following implementation are not fairly representative, a different period of time may be substituted if, by so doing, a more representative benefit award will ensue. Significant costs of implementation of a suggestion may be deducted from the benefits realized but should be prorated over the expected life of the suggestion benefit.

STATE ADMINISTRATIVE MANUAL

MERIT AWARD PROGRAM

(Continued)  
AWARDS (Revised 1/79)

4740

Agency Merit Award Coordinators are encouraged to recommend to the Board the amount of the cash award they feel is appropriate for an adopted suggestion. Amounts in excess of \$150 must bear the signed approval of management at least the equivalent of the chief administrative officer or a Deputy Director."

In recognition of the role of the State Legislature in the approval of awards exceeding \$1,000 listed in the annual concurrent resolution, as of February 1, 1979, it is the policy of the Merit Award Board not to recommend to the Board of Control awards exceeding monetary limits the Legislature has indicated, by its concurrent resolution, willingness to approve.

The judgment of the Merit Award Board and the Board of Control shall be final, except as to those awards included in the annual legislative concurrent resolution.

ONE-TIME AWARD SCALE (Revised 1/79)

4740.1

Under circumstances described in the applicable Rules and Regulations of the State board of Control, the Merit Award Board will recommend to the Board of Control an award not to exceed 5% of savings or increased revenues which are not annually reoccurring. It is not considered equitable to award employees 10% of one-time savings or increased revenue and a like percentage to employees achieving savings or increased revenue over a period of years.

IMPROVED PROCEDURES SCALE (Revised 1/79)

4740.2

"Improved procedures" are those which propose improvements in working conditions, changes in procedures, revision of forms, improvements in employee morale or health, etc., for which the monetary value cannot be determined readily.

In making recommendations to the Board of Control, the Merit Award Board will apply the following scale to calculate awards for adopted suggestions resulting in improved procedures:

<u>Degree or Nature of Benefit</u>	<u>Points</u>
EITHER	
1. Marked improvement in methods, forms, facilities, equipment, etc.	15
2. Moderate improvement in same	10
3. Minor improvement in same	5
OR	
4. Improved employee relations, working conditions, service to the public or public attitude	10
<u>Distribution of the Value</u>	
1. Statewide application and acceptance by at least one department	25
2. A majority of the facilities or employees of at least one department	20
3. Several operations or facilities or some of the employees	15
4. Single operation or facility	5

STATE ADMINISTRATIVE MANUAL

MERIT AWARD PROGRAM

IMPROVED SAFETY SCALE (Revised 1/79)

4740.3

"Improved safety" suggestions are those which propose improvements in practices or facilities to eliminate or reduce injury to state employees or to the public, and for which the monetary value cannot be determined readily.

In making recommendations to the Board of Control, the Merit Award Board will apply the following scale to calculate awards for adopted suggestions resulting in improved safety:

<u>Degree of Hazard</u>	<u>Points</u>
Included defects or lack of safeguards which ordinarily might have resulted in accidents causing:	
1. (Extreme) - a fatality or permanent injury and/or extensive property damage	25
2. (Major) - disabling injuries and/or heavy property damage	15
3. (Minor) - nondisabling injuries and/or slight property damage	10
 <u>Probability Before Improvement</u>	
1. Considerable exposure with probable occurrence of accident	20
2. Appreciable exposure with likely occurrence of accident	15
3. Slight exposure with possible occurrence of accident	10
 <u>Extent of Application</u>	
1. Departmentwide or statewide	25
2. Several locations	15
3. One office or area of operation	10
 <u>Effectiveness of Improvement</u>	
1. Eliminates the hazard or possibility of disabling injury, or extensive property damage	30
2. Appreciably limits the hazard or effects of the hazard	20
3. Slightly reduces the hazard	10
 <u>Bonus Points</u>	
Suggestion was directly responsible for full or substantial compliance with existing Safety Orders of the Division of Industrial Safety	10

AWARD SCALE

Points	Award
Below 40	None
40	\$25
45 - 60	\$30 - \$40
65 - 80	\$45 - \$75
85 - 100	\$80 - \$100

STATE ADMINISTRATIVE MANUAL

MERIT AWARD PROGRAM

SUPPLEMENTAL AND ADDITIONAL AWARDS (Revised and Renumbered from 4742, 4743 12/74)

4740.4

A preliminary award may be recommended for a suggestion upon its being placed in effect. The amount shall be calculated upon the net benefits expected during the first full year following its implementation, if the benefits can be reasonably calculated. If they cannot be reasonably calculated, a modest award may be granted with a review at the end of the year following implementation to ascertain the total net benefits. At that time, a supplemental award may be recommended, based on the benefits actually realized during the first year following implementation.

Additional awards, requiring legislative approval, will be calculated only after the adopted suggestion has been in effect for a full year, or is based upon an act or circumstance which is not subject to change during the first year following adoption and implementation.

AWARDS FOR SAME IDEA (Revised and Renumbered from 4743 12/74)

4740.5

When an idea has been adopted and an award has been granted therefor, any employee is eligible for further award consideration for a subsequent proposal which is a marked improvement over the original suggestion and effects further economies in time, material, or manpower. The change, improvement, or modification must be marked and easily recognizable as a distinct improvement over the original adopted proposal.

Whenever an agency adopts an employee suggestion, places it into effect, and the Merit Award Board authorizes an award, it then becomes incumbent upon top management to assure full complete utilization of the idea on an agency-wide basis. However, if a suggestion does not receive statewide or agency-wide acceptance and utilization within three years of the date of the original award, then the Board, in its discretion, may make a second award. In making its decision, the Board will consider the lapse of time since adoption of the original idea, whether the idea is a direct application or an adaptation, and the completeness of presentation of the idea.

PAYMENT OF AWARDS (Revised and Renumbered from 4748 12/74)

4740.6

Payment of merit awards will be made by submission of the Board of Control Certificate to the State Controller's District Disbursing Office which makes regular salary payments to the employees. Attached to the certificate will be Payroll Adjustment Notices, Std. Form 674, properly certified by the agency and identifying each employee and the position he holds. The Controller's Office will issue a payroll warrant in the net amount payable to the employee after deducting withholding tax. The amount of the award and the tax withheld will be included on the Withholding Statement, Form W-2, issued to the employee by the Controller's Office at the end of the calendar year.

Should the payment of these awards cause a shortage in the salary and wage category from which paid, a budget revision is required to transfer the amount of the awards from the category which derived savings from the suggestion. Should the award be payable from the appropriation of another agency or fund, the agency paying the award will bill the agency or fund benefiting from the award for the amount so paid.

STATE ADMINISTRATIVE MANUAL

MERIT AWARD PROGRAM

NONADOPTED SUGGESTIONS (Revised and Renumbered from 4749 12/74)

4750

A copy of the agency's evaluation, explaining the reasons for nonadoption, will be furnished to the suggester by the Board.

The Board will not grant an award in instances where a suggestion has not been adopted but subsequently put into effect as a result of an action which is not occasioned by, nor resulting from the suggestion, but is solely the result of: independent legislative enactment, requirement of the Federal or other governmental agency; Executive Order; or by recommendation of a legislative committee.

APPEAL AND RECONSIDERATION (Revised and Renumbered from 4750, 4751 12/74)

4750.1

An employee's rights to a suggestion will expire one year following the date of the Board's letter of rejection.

If an employee is dissatisfied with a rejection, he may ask for reconsideration of the previous decision provided he submits additional or supplemental information which was not covered in his original proposal or which points out an error in the evaluation report. Request for reconsideration or appeal will not be considered if the employee simply states, "I disagree with the report and conclusions of the agency", without giving additional reasons.

Such appeal or request for reconsideration may be renewed annually for a period not to exceed three (3) years from the date of the original rejection letter, provided he submits additional or supplemental information which was not covered in his original proposal or prior appeals.

If the suggestion is placed in effect during this three-year period, an employee may request an award for his suggestion, provided such request is filed within six (6) months of the date the idea was placed in effect.

The submission of a suggestion, or the refiling during the three years following its rejection, does not in itself assure that an employee automatically will be eligible for an award if the idea is adopted. In case of a dispute the Board may request evidence that such original submission, subsequent reconsideration requests or refilings, etc., either did, or did not, contribute to the post-rejection action in adopting the proposal.

SPECIAL ACTS AND SERVICES (Renumbered from 4770 12/74)

4760

"A Special Act" is defined as "an extraordinary act of heroism by a state employee extending far above and beyond the normal call of duty or service performed at great risk to his own safety or life in an effort to save human life."

"A Special Service" is defined as "an act of heroism by a state employee extending above and beyond the normal call of duty or service performed at personal risk to save property."

The awards granted for special acts and special services are intended to be "prestige" awards and will be made on a highly selective basis.

STATE ADMINISTRATIVE MANUAL

MERIT AWARD PROGRAM

RECOMMENDATION FOR AWARD (Renumbered from 4771 12/74)

4760.1

A recommendation for an award for a special act must be made on Special Act Award Recommendation MAB Form 277. A recommendation for an award for a special service must be made on Special Service Award Recommendation, MAB Form 277. The recommendation, in either instance, must include all pertinent factual information requested in the instructional portion of the applicable form. Forms may be obtained from the Merit Award Board.

It is necessary to explain the specific nature of the emergency, the unusual difficulties imposed by it and a description of the way the employee solved the problem or acted in the emergency. This explanation should clearly outline the manner and the extent to which the employee jeopardized his life or personal safety and indicate the extent to which the act surpassed normal job expectancy.

In order to afford prompt recognition for a special act or service, the award recommendation should be submitted immediately after the performance of the act. The immediate supervisor may initiate the recommendation for award, but it must be signed by the agency head.

HONORARY AWARDS (Renumbered from 4772 12/74)

4760.2

The awards for a special act or a special service are primarily honorary ones, each consisting of a certificate and a medal.

The medal for a special act is of 10-K gold and enamel embossed with laurel leaves, the name of "California" and an outline of the State with three beams of light radiating from a diamond star. Below, in raised gold, is the word, "Valor".

The medal for a special service is identical except that it does not contain a diamond.

PRESENTATION CEREMONIES (Revised 1/79)

4760.3

These awards will be presented at suitable ceremonies arranged and publicized by the employing department. The Merit Award Office will prepare the citations and certificates and will be available for advice and assistance on the ceremonies.

SUPERIOR ACCOMPLISHMENTS (New 1/75)

4780

A Superior Accomplishment is an act by an individual employee or group of employees which makes an exceptional contribution to the efficiency or economy of the State Government or an exceptional improvement in its operation. Such acts may be categorized as follows:

Superior Accomplishments of a Nonrecurring Nature

Acts which result in an outstanding and superior achievement of a nonrecurring nature such as an important contribution to science or research or improvement in an agency's operation. Unequaled personal efforts resulting in overcoming unusual difficulties or obstacles also may be recognized under this category.

Sustained Superior Accomplishments

The sustained act of superior job performance resulting in an exceptional contribution to the efficiency of State Government.

SUPERIOR ACCOMPLISHMENTS OF A NONRECURRING NATURE (New 1/75)

4781

The objective of this award is to give state departments the opportunity to recognize employees who have made significant contributions to the economy or efficiency of State Government and which are clearly beyond ordinary job expectations.

STATE ADMINISTRATIVE MANUAL

MERIT AWARD PROGRAM

DEFINITION (New 1/75)

4781.1

Superior Accomplishments of a nonrecurring nature may include, but are not limited to:

An important contribution to science, research or development.

Unequaled personal efforts in overcoming unusual difficulties or obstacles in the completion of a major project or task with substantial benefits to the State as a result thereof.

Completion of a major project or task in a significantly shorter period of time with substantial benefits to the State as a result thereof.

REQUIREMENTS (Revised and renumbered from 4781 and 4781.1 1/75)

4781.2

Recommendations for the award must include:

A clear and concise description of the achievement which forms the basis for the award.

Detail which conclusively proves, or measures, the benefits to the State as a direct result of the efforts of the nominee.

A statement as to the results which would have been considered acceptable but for the nominee's efforts.

Data clearly showing the degree to which the nominee unquestionably performed beyond normal job requirements and expectations.

Any other pertinent information; such as, amount of overtime, research done, dedication to the task, etc.

RECOMMENDATION (New 1/75)

4781.3

Submit the recommendation to the State Merit Award Board on Std. Form 278, obtained from the Merit Award Board.

Specify whether the nominee is recommended for the Silver Award or the Gold Award.

The recommendation must be signed by the agency or department head.

TIME (Revised and renumbered from 4781.2 1/75)

4781.4

Recommendations should be submitted to the State Merit Award Board as soon as is reasonable after the accomplishment to insure that the nominee receives prompt credit. All supporting data required by these sections, however, must accompany the recommendations.

AWARD (Revised 1/79)

4781.5

The primary award for a superior accomplishment of a nonrecurring nature is a certificate of commendation.

Two classifications of awards are available. The final judgment as to the appropriate award for the accomplishment is reserved for the State Merit Award Board.

Silver Award

The certificate is printed in silver and encased in a folder appropriate for presentation. An attractive, engraved desk set, with two silver pens, accompanies the certificate.

The Silver Award will be granted for those accomplishments which, in the judgment of the State Merit Award Board, fully meet all of the requirements of these sections.

STATE ADMINISTRATIVE MANUAL

MERIT AWARD PROGRAM

(Continued)  
AWARD (Revised 1/79)

4781.5

Gold Award

The certificate is printed in gold and encased in a folder appropriate for presentation. An engraved gold wrist watch accompanies the certificate.

The Gold Award will be granted for those accomplishments which, in the judgment of the State Merit Award Board, not only meets all of the requirements of these sections but is of such outstanding degree that it merits recognition of the highest order.

COSTS (New 1/75)

4781.6

The purchase and engraving of the desk sets and watches will be arranged for by the State Merit Award Board. The invoices for these will be directed to the department or agency making the award.

PUBLICITY (New 1/75)

4781.7

It is essential that, wherever possible, the widest publicity be obtained for the award, with emphasis on the benefits obtained for the taxpayers. As no announcement of the granting of such an award will be made by the State Merit Award Board, the department or agency may select the appropriate time and media for release of the news.

SUSTAINED SUPERIOR ACCOMPLISHMENTS (New 1/75)

4782

The objective of the Sustained Superior Accomplishment Award is to give state departments the opportunity to recognize employees who have made a significant contribution to the department by virtue of their exceptional job performance, sustained over a period of not less than 24 months.

DEFINITION (New 1/75)

4782.1

The Sustained Superior Accomplishment Award is a management tool for recognizing sustained achievement on the job by state employees.

PROGRAM APPROVAL (New 1/75)

4782.2

Department directors who wish to participate in the program shall develop a Sustained Superior Accomplishment Award Program within their departments, which details an appropriate nomination process and applicable standards for nomination. A copy of the program will be filed with the State Merit Award Board prior to submission of nominations for the award. The board may make suggestions for changes in such programs to insure adherence to a statewide uniformity.

STANDARDS (New 1/75)

4782.3

The following constitute broad statewide standards for such program:

Awards must recognize sustained superior accomplishment significantly above normal job requirements, and not length of service, per se.

The departmental plan will set forth in detail the process by which performance will be measured so as to select those nominees who will receive the award.

ELIGIBILITY (Revised 1/79)

4782.4

An employee may be eligible for this award, other than: (1) an agency head, or (2) an elected constitutional officer.

An employee may not receive an additional award based upon sustained superior performance during a three-year period following the receipt of such an award.

STATE ADMINISTRATIVE MANUAL

MERIT AWARD PROGRAM

NUMBER OF NOMINATIONS (New 1/75) 4782.5

The following parameters establish the maximum number of award nominations which can be made by participating departments:

<u>Employee Population</u>	<u>Maximum Annual Nominations</u>
Less than 200	1
Over 200	1 per 200

This is a maximum standard. Departments may nominate fewer individuals as they see fit.

TIME FOR NOMINATION (New 1/75) 4782.6

Nominations will be submitted by March 1 of each year to the State Merit Award Board, on Std. Form 278.

DESCRIPTION OF ACCOMPLISHMENT (New 1/75) 4782.7

The nomination will contain a concise description of the nominee's accomplishments, summarizing how performance over the 24 months significantly exceeded normal job requirements.

EVALUATION (New 1/76) 4782.8

The Merit Award Board shall evaluate each recommendation for sustained superior accomplishment award, taking into consideration staff recommendations, the objectives of the program, and the terms of the department's program previously approved. For each such sustained superior accomplishment recommendation found eligible for an award the Merit Award Board shall formulate an official recommendation to the State Board of Control as to an authorized award.

AWARD (Renumbered from 4782.8 1/76) 4782.9

The award for Sustained Superior Accomplishment shall be \$150 payable by the employing department; approval of the State Board of Control is required. The department shall also provide a certificate.

SERVICE AWARDS (New 1/77) 4790

As authorized by Government Code Section 19259, any appointing power may present to an employee who has completed 25 or more years of state service a certificate, plaque or other memento. Certificates and mementos suitable for 25- and 40-year service awards are available from the Office of Procurement, Documents Section, Department of General Services.

(Continued)

SPECIFIC USES AND REQUIRED SUPPORTING DATA (Revised 5/79)

6232

**D. Salary Savings Revision**

Periodic revision of Estimated Salary Savings is required in order that this minus allotment reflect recent experience and current employment trends. Failure to review during the fiscal year could result in overdrawing the appropriation or Salaries and Wages category. At the beginning of each fiscal year a revision may be required to adjust salaries and wages allotments to the budget.

Failure to realize salary savings estimated results from two factors: (a) less turnover, and (b) shorter vacancies. Reduction in time lost through vacancies and time required to train new employees (both employee and supervisor) increases the effective manpower above that authorized in the Final Budget. If a review of savings from vacancies and additional turnover during the Current Year indicates a deficit, consideration must be given the following:

1. The need for all vacant positions should be thoroughly reviewed. If there is any doubt about the need for any position, it should be abolished with the understanding that it can be reestablished if and when the need becomes definite, consistent with the provision of Sections 20 and 31 of the Budget Act. If it is possible to postpone the filling of vacant positions which cannot be abolished, this should be done. Positions coming under the vacancy provisions of the Budget Act represent only a part of this problem.
2. Consideration should be given to possible delay in filling authorized new positions which have not been established.
3. Vacation relief, overlaps for lump sum payments or training, and temporary help should be held to a minimum.
4. Appointments should be at the minimum of the salary range.

Consideration will be given to funding of deficiencies in salary savings only when the agency demonstrates that necessary workload requirements cannot be fulfilled or definite policy items will be endangered if vacancies are enforced.

Unexpended balances of allotments for salaries and wages must be transferred to Estimated Salary Savings at the end of each quarter, season or other applicable period of availability. (See SAM Section 6212.) Transfers from Estimated Salary Savings for reclassification or additional positions will be permitted only when financing is shown to be on a sound basis. It is basically an agency's responsibility to control Salary and Wage expenditures so that the balance available in this category is adequate to meet all remaining payrolls.

**E. Realization of Merit Award Board Suggestion Savings**

Pursuant to Board of Control Rule 831(i) no award will be made in the event of savings of \$10,000 or more unless the affected department identifies such savings as reduced expenditures or increased revenue and submits documentation to the Board of Control specifying how savings recovery will be accomplished.

After board of Control action, such reports will be forwarded to the Department of Finance for realization of the savings. In general, the Department of Finance will request that the savings to be recovered be transferred to unallotted balances by use of a budget revision. Any number of Merit Award Board savings can be transferred on the same budget revision each year provided that the suggestion number and the amount of savings are identified on the form. Budget revisions will be used each year as long as the net amount after payment of the award to the suggestor varies from year to year. As soon as the amount becomes constant from year to year, a planning estimate adjustment will be initiated by the staff of the Department of Finance to reduce the level of support.

# Air Force incentives fuel cost-saving ideas



## Flightline

S. Sgt. Frank Singleton

**E**lmendorf Air Force Base — Saving money in the Air Force is a hot topic. Spiraling costs, austere budgets and spending restraints from Congress have all combined to make money the most important factor in getting the military's mission accomplished.

Every time an F-15 flies overhead en route to a training area, each time a replacement part is purchased from a contractor, whenever a blue-suiter does his or her job, money is spent.

If you pay attention to the news, it must seem as if the government doesn't try very hard to get its money's worth out of a business deal. This just isn't the case. A civilian company can pass along the cost of a price increase, real or created, to the consumer. The Air Force, with a defense as its "product," can't very well do that.

For that reason, at least a half dozen programs exist in the Air Force bureaucracy to combat overpricing, waste of money and fraud.

Probably the most tangible of these programs

comes from the days during World War II, when every effort was needed to improve the speed and efficiency of government operations and conserve money, materials and people. Called the Suggestions Program, the plan offered cash incentives to employees who came up with a good idea. During two years of wartime operations the suggestion program saved more than \$100 million, not to mention the priceless savings in production time and manpower.

With military spending under the gun, the suggestion program has realized its full potential in the last couple of years. An idea as simple as Staff Sgt. William Woodward's rewriting of a technical manual to incorporate new procedures netted the Air Force \$123,073 in savings, eliminating contractor costs and giving the sergeant more than \$3,000 for his innovation.

"The statistics speak for themselves," said Nona Renn, the civilian manager of the Alaskan Air Command Suggestion Program. "Suggestions save money — money that can be put to use in some other areas."

With an F-15 costing more than \$20 million, a few suggestions can go a long way. In the second quarter of fiscal year 1983, the Air Force received 43,260 suggestions, adopted 7,200, doled out \$852,339 in cash awards, and saved more than \$44 million in just one quarter. In Alaska Air Command, 1,288 suggestions came in, and 253 were adopted, saving the Air Force \$797,219. Lots of money — your money, in fact.

Suggestions go through the channel, starting at

the working level and making their way up the chain. A person with an idea writes it on a form letter, sends it to his or her supervisor, who looks at the plan, determines its merit and forwards it to Renn.

Ideas aren't always accepted — people resist change. For that reason, safeguards in the system require the ranking manager of a particular section make the final decision, ultimately taking the responsibility for the suggestion.

Recently a sergeant in California had an idea rejected by co-workers and a supervisor, only to have it approved at Air Force headquarters. The idea, suggesting a change of a rocket motor fin to a non-corrosive metal, saved wear on the rocket to the tune of \$3,549,082. For five minutes of thought, the sergeant is \$20,950 richer.

We've all heard the story of the \$3 bolt the government purchases for \$55 or more. The Air Force program heartily endorsed by Secretary of Defense Caspar Weinberger, is called Zero Overpricing, and is designed to combat overcharges at the Air Force's expense.

If an item which usually costs a few dollars suddenly jumps to several hundred, Zero Overpricing prompts the Air Force to look for cheaper contractors and cheaper replacements. Criminal charges have resulted from the program's investigative process.

The Fraud, Waste and Abuse Program fits right in with Zero Overpricing, singling out questionable and suspicious situations such as overcharges,

computer error or an out-and-out attempted theft. Fraud cases amounting to \$13 million were closed in fiscal year 1980, compared to a budget of \$51 billion. An Air Force Hotline has been established locally and in Washington to weed out dishonesty or inadvertent waste — every call is investigated, and the identity of the caller is protected.

A program called Self Help enables Air Force members to make improvements in their duty sections, with management approval, for efficiency's sake. Since the expense of an outside contractor (or civil engineering) is eliminated, the section saves a large percentage of the cost by making improvements themselves.

Air Force Capital Investment Funds enable duty sections to make suggestions and procure items necessary for their jobs, the bottom line being increased efficiency or cost reduction. The idea must pay for itself in an allotted time period (according to the amount spent), thus saving money during peacetime and wartime, and reducing dependence on scarce resources. Already the Air Force Capital Investment Fund has used available money to pay for self-supporting programs, saving Elmendorf enough to buy three F-15s.

Those are just a few of the ways we're trying to save. The Air Force knows money is tight — we feel the crunch in reduced operating funds, and we all pay taxes too. And we're always open for "suggestions."

S. Sgt. Frank Singleton is in the public affairs division of the 21st Tactical Fighter Wing at Elmendorf Air Force Base.