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# HOUSE COMMITTEE REPORT

(11)

Date Referred: March 1, 1989

FURTHER REFERRALS:

Date of Committee Action: 3/20/89

The FINANCE Committee considered:

HB 138

HOUSE BILL NO. 138 [STATE EMPLOYEES INCENTIVE AWARD SYSTEM]  
"An Act establishing a state employee incentive award system."

### RECOMMENDS:

- replacing with CS HB 138 (Fin)  the same title
- the attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

### ATTACHES NEW FISCAL NOTE(S):

- fiscal impact
- zero fiscal note
- zero with analysis

### APPROVES PREVIOUS:

- fiscal note(s) published: \_\_\_\_\_
- zero fiscal notes(s) published: \_\_\_\_\_

### SIGNING DO PASS:

[Signature] HOFFMAN  
[Signature] BROWN  
[Signature] KOPONEN  
[Signature] ULMER

### SIGNING OTHER THAN DO PASS:

(Do Not Pass, No Recommendation, Amend)

[Signature] LARSON No Rec.  
[Signature] SHULTZ Do Not Pass  
[Signature] PHILLIPS No Rec.  
[Signature] RIEBNER No Recommendation

[Signature]  
 CG-Chairman's signature  
[Signature]

**FISCAL NOTE**

**REQUEST:**

Revision Date: 3/15/89  
Title: An act establishing a state  
employee incentive award  
Sponsor: Ulmer, Koponen, Ellis,  
Requestor: \_\_\_\_\_

Agency Affected: Dept. of Administration  
BRU: \_\_\_\_\_

Components: \_\_\_\_\_

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	0	8.1	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	3.0	3.0	3.0	3.0	3.0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
<b>TOTAL OPERATING</b>	<b>0</b>	<b>11.1</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>
<b>CAPITAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>REVENUE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	0	11.1	3.0	3.0	3.0	3.0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>11.1</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>

**POSITIONS:**

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	1	0	0	0	0
TEMPORARY	0	0	0	0	0	0

**ANALYSIS : (Attach a separate page if necessary)**

See attached

House Finance Committee  
Rep. Hoffman, Rep. Larson, Co-Chairs

Prepared by: \_\_\_\_\_ Phone: \_\_\_\_\_  
Division: \_\_\_\_\_ Date: 3/20/89

Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
Agency: \_\_\_\_\_

**Distribution (by preparer):**

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

Adopted

CONTINUATION OF FISCAL NOTE ANALYSIS

For CS House Bill 138 (FIN)

The specific cost of the program for years covered by this fiscal note are outlined below:

FY 90

PERSONAL SERVICES

Regulations Specialist, Range 16A, 3 months, Juneau. (42,702 x 3)	8.1
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CONTRACTUAL

Legal Services--Hearing Officer	3.0
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Costs for FY 91-94 are the same less the one time FY 90 cost for a Regulations Specialist. Total cost per these years \$ 3.0.

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 138 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a state employee incentive award  
7 system."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 39.51 is amended by adding new sections to read:

10 ARTICLE 2. INCENTIVE AWARD PROGRAM.

11 Sec. 39.51.110. INCENTIVE AWARDS. The Incentive Awards Board  
12 may authorize the commissioner of a department or the executive head  
13 of an agency other than a department to pay an employee a cash award  
14 and incur necessary expense for the honorary recognition of the em-  
15 ployee if the employee has contributed to the efficiency, economy, or  
16 other improvement of state operations by a superior suggestion, in-  
17 vention, accomplishment, or other superior personal effort in con-  
18 nection with or related to the employee's official employment.

19 Sec. 39.51.120. PAYMENT OF AWARDS. (a) A cash award under  
20 AS 39.51.110 - 39.51.200 is in addition to the regular pay of the  
21 recipient. Acceptance of a cash award constitutes an agreement that  
22 the use by the state of an idea, method, or device for which the award  
23 is made does not form the basis of a further claim of any nature  
24 against the state by the employee.

25 (b) A department or agency may pay a cash award and the expense  
26 for the honorary recognition of an employee from the appropriation  
27 available to the activity or activities primarily benefiting from the  
28 idea, method, or device that forms the basis for the award. The  
29 commissioner of the department or head of the agency shall recommend

1 to the board the amount to be paid by each activity for an award.

2 (c) An employee may receive a cash award only if the board is  
3 satisfied that a net savings has been realized by the department or  
4 agency as a direct result of the employee's concept or idea.

5 (d) The board may not grant an award to an employee whose idea  
6 or concept requires a change in law before it may be implemented.

7 Sec. 39.51.130. AMOUNT OF AWARDS. The board may not grant a  
8 cash award under AS 39.51.110 - 39.51.200 that exceeds \$25,000. The  
9 amount of the award is determined by multiplying each increment of the  
10 state's actual cost savings during the first 12 months of implementa-  
11 tion, as determined by the board, by the following percentages and  
12 adding the results:

- 13 (1) five percent of the first \$10,000 in savings;  
14 (2) four percent of the next \$20,000 in savings;  
15 (3) three percent of the next \$30,000 in savings;  
16 (4) two percent of the amount of savings that exceeds  
17 \$60,000.

18 Sec. 39.51.140. MERITORIOUS ACHIEVEMENT. When the commissioner  
19 of a department or the executive head of an agency certifies to the  
20 board that an employee's superior suggestion, invention, accomplish-  
21 ment, or other meritorious effort is highly exceptional and unusually  
22 outstanding, but does not result in a direct savings to state govern-  
23 ment, the board may approve an award consisting of a certificate of  
24 merit issued by the Office of the Governor.

25 Sec. 39.51.150. LIMITATION ON AWARDS. The board may not make an  
26 award to an employee

- 27 (1) for a suggestion that represents a part of the normal  
28 duties of the employee;  
29 (2) who has sole authority to implement the suggestion;

1 (3) whose duties include research or planning, unless the  
2 subject matter of the suggestion is unrelated to the employee's normal  
3 work assignments; or

4 (4) is developed by more than one person unless each person  
5 is an employee eligible for an award under this section.

6 Sec. 39.51.160. AWARDS TO FORMER EMPLOYEES. Notwithstanding the  
7 death or separation from state service of the employee concerned, a  
8 department or agency may pay or grant an award under AS 39.51.110 -  
9 39.51.200 if the award is based on events that happened while the  
10 employee was in the employ of the state.

11 Sec. 39.51.170. INCENTIVE AWARDS BOARD. (a) The Incentive  
12 Awards Board is established in the division of personnel in the De-  
13 partment of Administration.

14 (b) The board consists of the director of the division of per-  
15 sonnel in the Department of Administration, the directors of the  
16 office of management and budget in the Office of the Governor, and a  
17 public member from the private sector with experience in accounting  
18 and management appointed by the governor. The board shall elect a  
19 chair.

20 (c) The board shall meet as necessary at a time and place deter-  
21 mined by the chair. The meetings are open to the public. A majority  
22 of the membership of the board constitutes a quorum. The board may  
23 not take action on a matter except by affirmative vote of a majority  
24 of the board members.

25 (d) A member of the board may not act on a matter in which the  
26 relationship of the member with another person creates a conflict of  
27 interest.

28 (e) A member of the board may not receive an award under this  
29 chapter.

1 (f) The board shall adopt regulations and conduct hearings under  
2 the Administrative Procedure Act (AS 44.62).

3 Sec. 39.51.180. ANNUAL REPORT. The board shall submit a report  
4 regarding the operation of the awards program to the governor by  
5 January 15 of each year.

6 Sec. 39.51.200. DEFINITIONS. In AS 39.51.110 - 39.51.200

7 (1) "board" means the Incentive Awards Board;

8 (2) "employee" includes a permanent, probationary, season-  
9 al, nonpermanent, temporary, or provisional employee of the executive  
10 branch of state government whether in the classified, partially ex-  
11 empt, or exempt service.

12 \* Sec. 2. AS 39.35.680(8) is amended to read:

13 (8) "compensation" means the total remuneration earned by an  
14 employee for personal services rendered to an employer, including  
15 employee contributions under AS 39.35.160, cost-of-living differen-  
16 tials only as provided in AS 39.35.675, payments for leave that is  
17 actually used by the employee, the amount by which the employee's  
18 wages are reduced under AS 39.30.150(c), and any amount deferred under  
19 an employer-sponsored deferred compensation plan, but does not include  
20 retirement benefits, severance pay or other separation bonuses, wel-  
21 fare benefits, per diem, expense allowances, workers' compensation  
22 payments, incentive cash awards under AS 39.51.120, or payments for  
23 leave not used by the employee whether those leave payments are sched-  
24 uled payments, lump-sum payments, donations, or cash-ins;

Items 6



ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES  
RESEARCH AGENCY

P.O. Box Y, State Capitol  
Juneau, Alaska 99811-3100  
Mail Stop 3100  
(907) 465-3991

March 30, 1987

MEMORANDUM

TO: Representative Niilo Koponen  
ATTN: Lisa McLaren  
FROM: Mary Jennings *mg*  
Legislative Analyst  
RE: Employee Suggestion Award Programs in Other States  
Research Request 87.205 (Supplemental Information)

You requested that we provide a description of the appeal process used in three other states with employee suggestion award programs.

Florida

Although the Florida Department of Personnel administers the suggestion award program, each agency handles appeal cases internally. The state used to have a centralized committee for appeals, but had difficulty enforcing the committee's decisions. Currently, the Department of Personnel oversees the proceedings of any appeal within an agency, provides documentation and may make suggestions, but the case is ultimately decided by the particular agency. According to Derek Daniels of the department, the state had one past case of an employee who felt he had made a suggestion that was later implemented without any compensation to the employee. The employee appealed to the agency and was compensated for the suggestion.

Michigan

Each of the state departments in Michigan has a committee that accepts or rejects suggestions to the suggestion award program. Appeals are handled by the Suggestion Award Program Central Board. The board makes a decision based upon the employee's claim and documentation kept by the particular agency. The decision is then sent to the agency involved for comment. If the agency agrees, the process is complete. If the agency disagrees with the decision, the board reviews the case again and makes a final decision. Mr. Leo Bell, coordinator for the suggestion award program, stated that employees frequently appeal because they feel a suggestion has been implemented but they have not been compensated. Mr. Bell stated that the solution to this type of problem is to keep accurate records of all suggestions. Mr. Bell added that in Michigan, suggestion records are kept for five years.

Representative Koponen  
March 30, 1987  
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### Connecticut

~~Last year, the Connecticut suggestion award program was opened to the public as well as state employees.~~ As a result, the Suggestion Award Oversight Panel was created to review suggestions and handle appeals. The panel, which represents the general public, meets monthly and receives no compensation. (Prior to last year, appeals were handled informally by the program coordinator.) Currently, if an appeal situation arises, the panel monitors the decision process of the involved agency as the suggestion is sent through the system again. The panel then accepts or rejects the decision of the agency. A decision of the panel may be appealed to the State Claim Commission. Tom Barnett, communications coordinator for the program, stressed that well maintained records of the suggestion award program are always helpful in an appeal situation. ✓

I hope you find this information useful. I have requested program regulations from Florida, Michigan and Connecticut and will forward them to you upon receipt. It should be noted that the National Association of Suggestion Systems recommends that a formal appeal process be adopted by states with award programs. Please contact me if you have any questions.



ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES  
RESEARCH AGENCY

P.O. Box Y, State Capitol  
Juneau, Alaska 99811-3100  
Mail Stop 3100  
(907) 465-3991

March 27, 1987

MEMORANDUM

TO: Representative Niilo Koponen

ATTN: Lisa McLaren

FROM: Mary Jennings *mgj*  
Legislative Analyst

RE: Employee Suggestion Award Programs in Other States and Inclusion  
of Universities  
Research Request 87.205

You requested that we determine if other states with employee suggestion award programs include state university employees in the program. You also requested that we determine the level of control that these states have over state university funding.

**Conclusion**

I contacted the states of California, Florida, Georgia, Missouri, New Jersey, New York and Washington--all of which have employee suggestion award programs. In California, New Jersey, and New York, where the level of legislative control over university funding is moderate to high, state university employees are included in the suggestion award program.<sup>1</sup> In Washington, where legislative control is relatively low, university employees are also included in the program, although these employees have a history of nonparticipation. The state university employees of Georgia, where funding control is low, are not eligible for participation. In Missouri, where legislative control is moderate, state agencies participate at their discretion and the university system has chosen not

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<sup>1</sup>The following criteria were used to determine the level of legislative control over university funding: the nature of the funding appropriation (e.g., lump sum; campus by campus; or line item); the university's ability to move funds among programs; and the percentage of state funds relative to total funds.

to participate. Florida, where control is also moderate, has a separate suggestion award program for university employees. The following section of this memorandum provides details of my conversations with state personnel departments and state university system budget offices.

#### California

California includes State University System employees in the suggestion award program. According to Dr. James Jenson, Legislative Analyst for the California State University System, the legislature has a fairly high level of control over the State University System. He stated that funding is received on a program by program basis, although the university has the discretion to transfer funds between programs. According to Mr. Jenson, state funds account for over 90 percent of total funds. He added that state university employees are unionized and that the personnel policies for state university employees are very similar to other state employees.

#### New Jersey

According to the New Jersey Department of Personnel, State University employees are included in the employee suggestion award program and are active participants. The majority of university employees are unionized and follow personnel policies similar to other state employees. Each institution within the State University System receives an appropriation which is then allocated by the institution. Institutions with more than one campus receive one appropriation which is allocated among the campuses. State funds account for approximately 70 percent of total funds.

#### New York

According to Carl Reynolds, coordinator for the New York employee suggestion award program, state university employees are included in the program. He added that university employees do not seem to participate as actively as other State employees. All University employees, except certain management personnel, are unionized. A major faction of employees are represented by the Civil Service Union, which represents other state civil service employees.

State universities in New York are funded on a campus-by-campus basis. Within each campus appropriation, the legislature makes four line item appropriations. Each university may make transfers among these line item appropriations. State funds account for approximately 57 percent of total funding.

### Washington

According to Carolyn Smith of the Washington State Productivity Board, the State University System is included in the employee suggestion award program, although the employees do not participate at this time. Ms. Smith explained that, due to a lack of staff, it has not been possible to implement the program within the university system. She added that the board hopes to obtain funding this year that would allow for additional staff and a liaison that could work with the university system in order to implement the program. University civil service employees are unionized, although they do not have collective bargaining power.

The Washington State University System is funded by a single appropriation which is allocated among the institutions by the Board of Regents. According to Bill Robinson, Legislative Analyst for the State University System, the legislature may include some line item appropriations within the general appropriation but this does not happen on a regular basis. State funds account for approximately 85 percent of the funding for regional universities and approximately 33 percent of the funding for larger research-related universities.

### Georgia

Georgia's State University employees are not included in the state's suggestion award program. According to Jacob Wamslee of the State University System, state university employees have personnel policies that are completely separate from other state employees. Mr. Wamslee said that the State University System receives an annual appropriation which is allocated among the various institutions by the Board of Regents. State funds account for approximately 65 percent of total funding. Mr. Wamslee stated that the university system has not considered adopting its own suggestion award program.

### Missouri

Participation in the Missouri employee suggestion award program is at the option of each agency of the state. According to the State Personnel Department, the university system has chosen not to participate in the program. University employees and all other state employees are nonunion and have similar personnel policies. Appropriations to the State University System are made on a campus-by-campus basis and each campus may allocate these funds at their discretion. State funds account for approximately 69 percent of all funds.

Representative Koponen  
March 27, 1987  
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## Florida

Florida State University employees have an employee suggestion program that is separate from the program for other state employees. According to Anna Gray of the State University Office of Human Relations, as a result of legislation adopted last year, the State University System was given an autonomous personnel department for programs such as employee suggestion award. Ms. Gray stated that her office is currently promulgating regulations for the suggestion award program, which is statutorily identical to the state program. She added that the program will differ in one major aspect because, beside career service employees, faculty will also be allowed to participate.

The Florida State Universities System is funded by a single appropriation to the Board of Regents which is then allocated among the institutions. The state legislature frequently designates line item appropriations within the general appropriation. State funds account for approximately 90 percent of total funding.

I hope you find this information useful. Please feel free to contact me if you have any questions.

# Alaska State Legislature

Representative Fran Ulmer



P.O. Box V  
Juneau, Alaska 99811  
(907) 465-1947

## HOUSE OF REPRESENTATIVES

### MEMORANDUM

TO: Representative Ron Larson, Co-Chair  
Representative Lyman Hoffman, Co-Chair  
House Finance Committee Members

FROM: Rep. Fran Ulmer

DATE: March 14, 1989

RE: HB 138-State Employee Incentive Award System

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HB 138 would establish a monetary incentive program to encourage state employees to improve state operations by promoting efficiency and reducing costs without decreasing services.

An incentive awards board would be established within the Division of Personnel in the Department of Administration. This board would review cost saving ideas and grant cash awards in accordance with the amount of money being saved by the state. Awards could total from a low of 5% of the first \$10,000 in savings, to an amount not to exceed \$25,000. Please see the attached chart for actual calculations of awards. This type of legislation has been established in many states, and the Federal government has had a similar program in place since 1954. Federal data shows a long term saving of over \$12 for every dollar awarded.

The one amendment accepted in the State Affairs Committee changed the board meetings from four times a year to meetings as necessary. In the CS before you, the make up of the Incentive Awards Board has been changed to include the Division Directors in OMB and one public member who has an accounting and management background, to be selected by the Governor. The Director of Personnel in the Department of Administration is also included on the Board.

A majority of the House State Affairs Committee members had expressed concerns regarding the stipulation that the commissioner or executive head of an agency had to demonstrate that a cost savings had occurred. In the draft in front of you, the savings has to be demonstrated to the board itself instead of to the commissioner.

## EXPLANATION OF CALCULATION OF INCENTIVE AWARDS

The amount of the award is determined by multiplying each increment of the state's actual cost savings during the first 12 months of implementation by the percentages listed below:

5% of savings up to \$10,000

4% of savings between \$10,000 and \$30,000 = \$400 minimum

3% of savings between \$30,000 and \$60,000 = \$900 minimum

2% of savings between \$60,000 and \$1,250,000 = \$1,200 minimum

The maximum award would be \$25,000 for a savings to the state of \$1,250,000.

Example: if an employee saved the state \$27,500 in a 12 month period, the award would equal \$1,100. ( $\$27,500 \times 4\%$ )

STATE OF ALASKA

Public Employees' Retirement System  
Teachers' Retirement System  
Judicial Retirement System  
Elected Public Officers Retirement System  
National Guard Retirement System  
Territorial Retirement System  
Retirees' Voluntary Dental-Vision-Audio Plan  
Supplemental Benefits System  
Group Health/Life Insurance Benefits  
Deferred Compensation Plan  
Public Employers Social Security Contributions

**DEPARTMENT OF ADMINISTRATION**  
**DIVISION OF RETIREMENT & BENEFITS**

PLEASE REPLY TO:

P.O. BOX CR  
JUNEAU, ALASKA 99911-0203  
PHONE: (907)465-4460

701 EAST TUDOR ROAD, SUITE 240  
ANCHORAGE, ALASKA 99503-7445  
PHONE: (907) 563-5885

**STEVE COWPER, GOVERNOR**

March 10, 1989

The Honorable Fran Ulmer  
Alaska State Representative  
P.O. Box V  
Juneau, AK 99811

Dear Fran:

As we discussed, here is my suggestion:

Amend AS 39.35.680 (8) by adding incentive cash awards in the list of exclusions at the end of (8).

You may want to run this by Terry Cramer for exact placement.

Thanks!

Sincerely,

  
Sally Smith  
Director

SS/cam/1

pg. A-1 Anchorage Times 2-17-89

# Worker saves military \$7 million

MONTPELIER, Vt. (AP) — A military technician who was worried about the safety of a \$4,500 infrared light tester used on helicopters went to the local hardware store and built his own — for \$8.75.

Now, after saving the military more than \$6 million a year, John Ledoux is getting his reward: a check for \$25,000.

Ledoux, a part-time sergeant in the Vermont Army National Guard and a full-time civilian employee of an Army National Guard base in Burlington, Vt., received a \$10,000 incentive prize from the government more than a year ago.

Today he was to receive the larger prize from the federal Office of Personnel Management.

"I'm just kind of glad I'm finally getting the monetary award. It seems like it's a long time coming," said Ledoux, who explained that bureaucratic errors delayed the check.

"I feel like it's been put off for so long it's lost its glow," he said. "But I'm glad things are finally coming to a head."

The award is the maximum allowed by law and the largest given to a federal employee, said Joseph Jamele, press secretary for Sen. Patrick Leahy, D-Vt. He said only 20 such awards have

ever been granted.

Ledoux, 33 and father of five, said the money would come in handy.

"My wife and I have a big family so, of course, the money is nice," he said.

Ledoux said he developed his hand-held device in 1986 after watching engineers with the Lockheed Aircraft Corp. install infrared lights on helicopters using the standard-issue testing device, which was built into a pair of goggles.

Ledoux said the engineers often perched in precarious positions on the helicopters to test the lights. Concerned for their safety, he went down to a local electronics store and picked up a phototransistor, a light-emitting diode, a switch and a nine-volt battery. After fiddling around with the parts for a couple of days, he put the device together.

He said it took the Army a bit longer to realize the potential savings. First he sent a diagram of the device, but it was only after he sent the device itself that the Army congratulated him on his ingenuity.

Army officials are crediting the device with saving 987,000 hours of labor a year, for a total of \$6.85 million.

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

Bill Version: CSHB 138 (SA)  
Publish Date: HOUSE 3/1/89

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Department of Administration  
 Title: An act establishing a State employee incentive award system. BRU: Personnel  
 Sponsor: Ulmer, Koponen, Ellis, \* Components: Centralized Administrative Services  
 Requestor: \_\_\_\_\_  
 \* Hudson, Gruenberg

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	0	32.5	24.4	24.4	24.4	24.4
TRAVEL	0	4.7	4.7	4.7	4.7	4.7
CONTRACTUAL	0	12.0	12.0	12.0	12.0	12.0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	49.2	41.1	41.1	41.1	41.1
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	49.2	41.1	41.1	41.1	41.1
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	49.2	41.1	41.1	41.1	41.1

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	1	1	1	1	1
TEMPORARY	0	1	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

See attached.

Prepared By: David K. F. Otto, Director *David K. F. Otto* Phone: 465-4430  
 Division: Personnel Date: \_\_\_\_\_

Approved by Commissioner: John M. Andrews *J. Andrews* Date: 2/27/89  
 Agency: Department of Administration

Distribution (by preparer):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

CONTINUATION of FISCAL NOTE ANALYSIS

For House Bill

SUBJECT OF PROPOSED BILL:

This legislation places the Incentive Award Board in the Division of Personnel and requires the Board to hold four hearings per year, draft and adopt regulations, and administer the program. The bill does not authorize the Board to employ a secretary or additional staff.

Section 39.51.170(f) requires the board to adopt regulations under the administrative procedure act. The Division of Personnel does not employ a regulations specialist. This fiscal note assumes that a regulations specialist would be employed for three months to draft proposed regulations, answer public inquiries regarding the regulations, explain the proposal to the board and the public at a public hearing, and draft the changes directed by the board after a hearing is held. Regulations specialists are paid at a range 16.

The bill places the Board in the Division of Personnel. The division does not have staff to administer the legislation. In a 1985 report, the Illinois Legislative Council surveyed ten state governments that had incentive award programs. That report contained the following recommendations:

States stress the importance of prompt handling of suggestions, computerized recordkeeping and continuing publicity with emphasis on recognition of winners and saving tax dollars.

Other advice included in the report is listed below:

- require one year of implementation before making the award;
- set a 60, 90, or 120-day time limit for agency review;
- keep a supply of suggestion forms and return envelopes at each agency;
- announce and promote the program with material inserted in pay envelopes;
- hold a training seminar for agency coordinators.

While not all of these individual recommendations may be desirable in Alaska it is logical to assume the program needs extensive publicity and timely processing of nominations to succeed. This fiscal note assumes that an Information Officer II, range 17, employed half-time would be sufficient to administer the program.

This is a modest proposal. Other states have employed small staffs and have budgeted \$100,000 to administer similar programs.

The legislation also requires the Board to hold four hearings per year. It will be appropriate to hold the hearing at the location closest to the work station of the employee or employees who made the cost savings suggestion. This note assumes that one hearing will be held in Fairbanks and one in Anchorage each year.

Finally, the bill makes the boards hearing procedures subject to the Administrative Procedure Act (APA). Under the APA contested cases must be heard by a hearing officer. We have assumed that one case will be heard before a hearing officer each year at a cost of \$3,000.00 per hearing.

The specific cost of the program for years covered by this fiscal note are outlined below:

**FY 90**

Personal Services

Regulations Specialist, Range 16A, 3 months, Juneau. (\$2,702 x 3)	8.1
Information Officer II, Range 17A, 6 months, Juneau	<u>24.4</u>
Personal services subtotal	32.5

Board Related Travel

Travel costs are based on (3) board members and one staff person, all from Juneau.

Travel to board meetings by board members and staff in the first year is based on one Anchorage and one Fairbanks meeting.

Travel	3.3
Per diem	<u>1.4</u>
Subtotal	4.7

Contractual

Printing (flyers, annual report, pamphlets, newsletters, bulletins)	5.0
Advertising (meetings, awards, and regulations)	2.0
Legal Services--Hearing Officer	3.0
Telephones, Postage	<u>2.0</u>
Contractual Subtotal	12.0

**FY 91-FY 94**

Costs for FYs 91-94 are the same as those for FY 90 less the one time FY 90 cost for a Regulations Specialist.

Total cost per year \$41.1

Position Title <b>Information Officer II</b>		No. of Positions <b>1/2</b>	Range/Step	Barg. Unit	
Time Status <b>Hourly (PPT)</b>	Staff Months <b>6</b>	Location <b>Juneau</b>		Election District <b>4</b>	
Type of Expenditure		Justification			
		Recommendations from other states that have employee incentive programs stress the importance of handling suggestions promptly and publicizing the program. This position will be necessary to:			
Amount		<ol style="list-style-type: none"> <li>Develop a publicity campaign for the program to ensure that all employees and supervisors are aware of the programs requirements and the procedure used to nominate candidates for awards.</li> <li>Prepare the Boards agenda and advertise quarterly meetings.</li> <li>Schedule, coordinate, publicize and supervise award ceremonies.</li> <li>Prepare an annual report for the Governor.</li> <li>Respond to public inquiries regarding the program and its regulations.</li> </ol>			
1	2				3
Salary	17.4				
Benefits	7.0				
Premium Pay					
Other					
Total Personal Services					24.4
Travel					1.2
Contractual					0.0
Commodities					
Equipment					
Other					
Total Cost		34.6			
Funding Source for Total Cost					
Federal Receipts	1002				
G F Match	1001				
General Fund	1004				
GF Program Receipts	1005	34.6			
Other					

6/4/86/022417-5/5

## Request For New Position

Agency Department of Administration  
 BRU Personnel  
 Component Centralized Administrative Services

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 Revised Date

**FY 90**