

HB

138

HOUSE COMMITTEE ON STATE AFFAIRS

**RECAP OF
HB 138**

State Employees Incentive Award System

Received February 1, 1989
by Reps. Ulmer, Koponen, Ellis, Hudson and
Gruenberg

Heard February 28, 1989

Committee Substitute adopted February 28, 1989

Passed Out of Committee February 28, 1989
1 Do Pass
2 No Recommendation
1 Amend

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HB 138: State Employees Incentive Award System

- Item 1: HB 138 by Ulmer, Koponen, Ellis, Hudson and Gruenberg
- Item 2: Fiscal Note
- Item 3: Memorandum from Rep. Ulmer, February 28, 1989
- Item 4: Sectional Analysis of HB 183
- Item 5: Related *Anchorage Times* Newspaper Article
- Item 6: Research Request 87.205
Employee Suggestion Award Programs in Other States and Inclusion of Universities
March 30, 1987

HOUSE COMMITTEE REPORT

(7)

Date Referred: February 1, 1989

FURTHER REFERRALS: FINANCE

Date of Committee Action: _____

The STATE AFFAIRS Committee recommends that:

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

be replaced with CSHB 138(SA) the same title
 a new title

have attached amendment(s)

- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

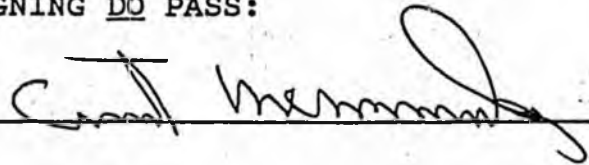
ATTACHES NEW FISCAL NOTE(S):

- fiscal impact
- zero fiscal note
- zero with analysis DOA

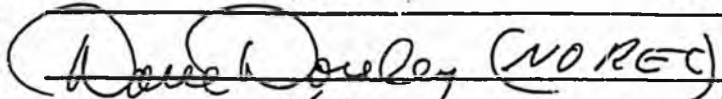
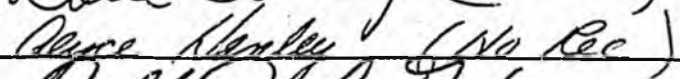
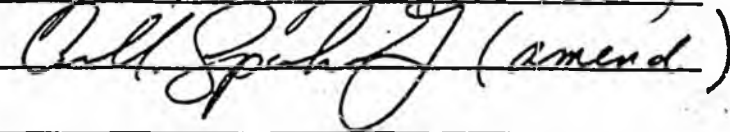
APPROVES PREVIOUS:

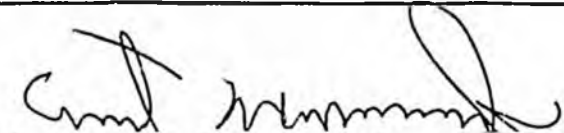
- fiscal note(s) published: _____
- zero fiscal notes(s) published: _____

SIGNING DO PASS:



SIGNING OTHER THAN DO PASS:
(Do Not Pass, No Recommendation, Amend)

 (NO REC)
 (No Rec)
 (amend)



 Acting Chairman's signature

Introduced: 2/1/89
Referred: State Affairs
and Finance

Item 1

6-0662A

Protection for employees.
Wage & Salary Bill
would take - CWP RUU

BY ULMER, KOPONEN, ELLIS,
HUDSON AND GRUENBERG

1 IN THE HOUSE

2

HOUSE BILL NO. 138

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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 system."

7

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

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and incur necessary expense for the honorary recognition of the em-

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ployee if the employee has contributed to the efficiency, economy, or

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other improvement of state operations by a superior suggestion, in-

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vention, accomplishment, or other superior personal effort in con-

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nection with or related to the employee's official employment.

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Sec. 39.51.120. PAYMENT OF AWARDS. (a) A cash award under

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AS 39.51.110 - 39.51.200 is in addition to the regular pay of the

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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

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is made does not form the basis of a further claim of any nature

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against the state by the employee.

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(b) A department or agency may pay a cash award and the expense

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for the honorary recognition of an employee from the appropriation

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available to the activity or activities primarily benefiting from the

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idea, method, or device that forms the basis for the award. The

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commissioner of the department or head of the agency shall recommend

Whistle blower

→ p 4, 010 procedure - get amount point that can not be...
about suggestion - would not give it...
it was described -

SAVINGS...
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NEW...
- SET UP...
IN REQUIRED...
QUESTION

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 [commissioner
3 er of the department or the executive head of the agency] has demon-
4 strated to the satisfaction of the board that a net savings has been
5 realized by the department or agency as a direct result of the em-
6 ployee's concept or idea.

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

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

- 15 (1) five percent of the first \$10,000 in savings;
- 16 (2) four percent of the next \$20,000 in savings;
- 17 (3) three percent of the next \$30,000 in savings;
- 18 (4) two percent of the amount of savings that exceeds
19 \$60,000.

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

27 Sec. 39.51.150. LIMITATION ON AWARDS. The board may not make an
28 award to an employee

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SUBJECT LOCAL OF BOARD CHAIR, N

TRANS
FORWARD

- 1 (1) for a suggestion that represents a part of the normal
- 2 duties of the employee;
- 3 (2) who has sole authority to implement the suggestion;
- 4 (3) whose duties include research or planning, unless the
- 5 subject matter of the suggestion is unrelated to the employee's normal
- 6 work assignments; or
- 7 (4) is developed by more than one person unless each person
- 8 is an employee eligible for an award under this section.

9 Sec. 39.51.160. AWARDS TO FORMER EMPLOYEES. Notwithstanding the
 10 death or separation from state service of the employee concerned, a
 11 department or agency may pay or grant an award under AS 39.51.110 -
 12 39.51.200 if the award is based on events that happened while the
 13 employee was in the employ of the state.

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

17 (b) The board consists of the director of the division of per- ^{public MEMBER}
 18 sonnel in the Department of Administration, and the directors of the
 19 division of strategic planning and the office of management and budget
 20 in the Office of the Governor. The board shall elect a chair.

21 (c) The board shall ~~meet four times~~ ^{meet as necessary} a year at a time and place
 22 determined by the chair. The meetings are open to the public. A
 23 majority of the membership of the board constitutes a quorum. The
 24 board may not take action on a matter except by affirmative vote of a
 25 majority of the board members.

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

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

*
HIA
HUC
PLACE

1 chapter.

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

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

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

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

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

Original sponsors: Ulmer, Koponen,
Ellis, et al.

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR HOUSE BILL NO. 138 (State Affairs)
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:

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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

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- 29 (1) for a suggestion that represents a part of the normal

1 duties of the employee;

2 (2) who has sole authority to implement the suggestion;

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

6 (4) is developed by more than one person unless each person
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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
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27 interest.

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

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Item 2.

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 Phone: 465-4430
 Division: Personnel Date: _____

Approved by Commissioner: John M. 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 No. 138

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, employee 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.

ATTACH TO SA REPORTING BOARD OF BILL

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 Information Officer II		No. of Positions 1/2	Range/Step	Barg. Unit K
Time Status Hourly (PPT)	Staff Months 6	Location Juneau	Election District 4	
Type of Expenditure		Justification		
Amount		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:		
1	2	3	<ol style="list-style-type: none"> 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. Prepare the Boards agenda and advertise quarterly meetings. Schedule, coordinate, publicize and supervise award ceremonies. Prepare an annual report for the Governor. Respond to public inquiries regarding the program and its regulations. 	
Salary	17.4			
Benefits	7.0			
Premium Pay				
Other				
Total Personal Services		24.4		
Travel		1.2		
Contractual		9.0		
Commodities				
Equipment				
Other				
Total Cost		34.6		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004			
GF Program Receipts	1005	34.6		
Other				

6/4/86/022417 9/5
**Request For
 New Position**

Agency Department of Administration
 BRU Personnel
 Component Centralized Administrative Services

Page 4 of 4
 Revised Date

FY 90

Alaska State Legislature

Representative Fran Ulmer

P.O. Box V
Juneau, Alaska 99811
(907) 465-4947

HOUSE OF REPRESENTATIVES

M E M O R A N D U M

TO: Representative Red Boucher, Chairman
Members
House State Affairs Committee

FROM: Rep. Fran Ulmer

DATE: Feb. 28, 1989

RE: HB 138-State Employee Incentive Award System

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.

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
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 27, 1989

SUBJECT: Sectional Analysis of HB 138
(State employee incentive award system)

TO: Representative Fran Ulmer

FROM: Teresa B. Cramer *TBC*
Legislative Counsel

You have requested a sectional analysis of the above described bill.

As a preliminary matter, note that a sectional analysis or summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Section 1 adds a new article to title 39 to implement a state employee incentive award system.

Sec. 39.51.110 permits the Incentive Awards Board to authorize payment of a cash award in recognition of an employee's superior accomplishment.

Sec. 39.51.120 makes acceptance of a cash award constitute an agreement that the use of the idea does not form the basis for a further claim against the state. Subsection (c) requires the head of the department or agency to demonstrate that implementation of the suggestion results in a net savings to the state. Subsection (d) prohibits an award if implementation requires a change in law.

Sec. 39.51.130 sets out the formula for computing the amount of the award.

Sec. 39.51.140 permits an agency to award a certificate, issued by the Office of the Governor, to employees whose suggestions are outstanding but do not result in a direct savings to the state.

Representative Fran Ulmer
Page 2
February 27, 1989

Sec. 39.51.150 prohibits awards if the suggestion represents a part of the normal duties of the employee, is made by an employee with sole authority to implement the suggestion, is made by an employee whose duties include research or planning (with some exceptions), or is developed by more than one person unless each person is eligible for the award.

Sec. 39.51.160 permits awards to former employees.

Sec. 39.51.170 establishes the incentive awards board, composed of the directors of the division of personnel, division of strategic planning, and the office of management and budget. Subsection (f) requires that the board comply with the Administrative Procedure Act in adopting regulations and conducting hearings.

Sec. 39.51.180 requires the board to submit an annual report to the governor.

Sec. 39.51.200 defines "employee" and limits coverage of the bill to executive branch employees.

If I may be of further assistance, please advise.

TC:kb
wkk2/058

ps. 1-1 Anchorage Times 2-17-87
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.



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Item 6

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 *MJ*
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.

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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

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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.¹ 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

¹The 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.

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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.

For your eyes only

PROPOSED LETTER OF INTENT-HB 138-EMPLOYEE INCENTIVE AWARDS

It is the intent that regulations pertaining to the establishment of the incentive award system address the following concerns:

- 1) The regulations should include a system to protect the confidentiality and impartial review of all suggestions and establish a time limit for agency review.
- 2) Members of the Incentive Awards Board should participate in a training seminar.
- 3) The regulations should provide that the incentive award shall be computed on the actual savings for a twelve month period from the time the proposed change is instituted. The award shall be paid to the employee in a lump sum at the end of the twelve month period.
- 4) The regulations should provide for the overview of the program in general, and for the overview of each department's participation in the program be specific.
- 5) The regulations should provide for the continuing publicity of the program with emphasis on the recognition of winners and the savings of state revenues. the state will announce and promote the program with material inserted in pay envelopes.
- 6) The regulations should provide for the review of suggestions within 90 days of their submission.
- 7) The regulations should provide that the awards are separate from any collective bargaining agreements.
- 8) The regulations should provide for a appeals process for an employee who believes that his or her idea has been successfully implemented by the state, but who has not received due compensation.

9) The regulations should provide that an employee who is not eligible to participate in the incentive awards system may not indirectly participate by having his or her idea presented to the awards board by an eligible employee in the expectation of shoring the eligible employee's cash award.