

**H B**

**138**

SENATE STATE AFFAIRS COMMITTEE

BILL NUMBER HB 138

SPONSOR Ulmer

BILL TITLE State employee incentive award system.

DATE REFERRED 4-11-89

HEARING SCHEDULED 4-19-89

FISCAL NOTE PREPARED ✓

SPONSOR CONTACTED Katy 4947 ✓

INTERESTED PARTIES CONTACTED

✓ Dave Otto 4430

OTHER

H138POOP.TXT  
4/21/89

HB 138 EMPLOYEE INCENTIVE AWARD SYSTEM

TO TESTIFY

REP. ULMER, SPONSOR (KATE TESAR)

DAVE OTTO, PERSONNEL, HAS BEEN NOTIFIED

F.Y.I.

C.S. MAKES TWO CHANGES:

State Affairs

REQUIRES REPORT TO LEGISLATURE. SPECIFICS MUST INCLUDE NAME OF EACH AWARD RECIPIENT, BASIS FOR MAKING AWARD, AMOUNT. (PAGE 4, LINES 7-9)

EXEMPTS FROM RECEIVING AWARDS: COMMISSIONER, DEPUTY COMMISSIONER, ASSISTANT COMMISSIONER, DIRECTOR, DEPUTY DIRECTOR (PAGE 4, LINES 17-18)

Finance CS

Sunset 1993.

Letter of intent.

Other Features

~~FISCAL NOTE \$11,100 -- HIRING SOMEONE TO WRITE REGULATIONS, AND CONTRACTUAL USE OF A HEARING OFFICER. MONETARY AWARDS ARE TO BE PAID OUT OF THE APPROPRIATION IN WHICH THE EFFICIENCY SAVINGS HAVE BEEN ACHIEVED.~~

Finance zeroed the Fiscal Note.

OTHER FEATURES OF BILL:

NO AWARD IF MONEY-SAVING IDEA REQUIRES CHANGE IN LAW.

MAXIMUM AWARD \$25,000 (BASED ON AMOUNT OF SAVINGS DURING FIRST 12 MONTHS OF IMPLEMENTATION, PER FORMULA)

FOR NON-MONEY SAVING IDEAS, AWARD CERTIFICATE.

NO AWARDS FOR EMPLOYEES DOING RESEARCH OR FOR IDEAS THAT ARE PART OF THE EMPLOYEE'S NORMAL DUTIES.

AWARDS BOARD = DIRECTOR OF DIVISION OF PERSONNEL, DIRECTORS OF O.M.B., AND A PUBLIC MEMBER WITH EXPERIENCE IN ACCOUNTING AND MANAGEMENT (APPOINTED BY GOVERNOR).

ANNUAL REPORT TO GOVERNOR.

KOPONEN HAD THIS BILL IN LAST YEAR, REMEMBER? ULMER'S BILL IS A LITTLE "TIGHTER", BUT YOU COULD STILL ARGUE THAT DEVELOPING GOOD IDEAS IS JUST PART OF THE JOB....

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

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 138 (Finance) *see*

3 IN THE LEGISLATURE OF THE STATE OF ALASKA *Sec 3a4*

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, and the  
5 proposal has been developed outside normal working hours.

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

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

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

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

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

- 28 (1) for a suggestion that represents a part of the normal  
29 duties of the employee;

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

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

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

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

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

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

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

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

5 Sec. 39.51.180. ANNUAL REPORT. The board shall submit a report  
6 regarding the operation of the awards program to the governor and the  
7 legislature by January 15 of each year. The report must include the  
8 name of each person who received an award, the basis for making the  
9 award, and the amount of the award.

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

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

12 (2) "employee"

13 (A) includes a permanent, probationary, seasonal,  
14 nonpermanent, temporary, or provisional employee of the executive  
15 branch of state government whether in the classified, partially  
16 exempt, or exempt service;

17 (B) but does not include a commissioner, deputy com-  
18 missioner, assistant commissioner, director, or deputy director.

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

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

1 leave not used by the employee whether those leave payments are sched-  
2 uled payments, lump-sum payments, donations, or cash-ins;

3 \* ~~Sec. 3. Section 1 of this Act is repealed July 1, 1993.~~

4 \* ~~Sec. 4. The directors of the office of management and budget in the~~  
5 ~~Office of the Governor and of the division of personnel in the Department~~  
6 ~~of Administration shall report to the legislature by January 15, 1994, on~~  
7 ~~the state's experience with the incentive awards program. The report must~~  
8 ~~include the name of each person who received an award during 1993, the~~  
9 ~~basis for making the award, and the amount of the award.~~

6-0662D  
Cramer  
4/20/89

Changes in CS

page 4, l. 7-9  
page 4, l. 17-18

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

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BY THE STATE AFFAIRS COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 138 (State Affairs)

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20 and management appointed by the governor. The board shall elect a  
21 chair.

22 (c) The board shall meet as necessary at a time and place deter-  
23 mined by the chair. The meetings are open to the public. A majority  
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1 leave not used by the employee whether those leave payments are sched-  
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HB 138 cont'd

and do pass with a Letter of Intent. The report was signed by Senator Binkley, Co-Chair, and concurred in by Senators Frank, Pearce and Duncan. Senators Zharoff, Fischer and Uehling signed "no recommendation."

Letter of Intent  
for  
SENATE CS FOR CS FOR HOUSE BILL NO. 138 (Finance)

It is the intent of the legislature that no awards be paid by an agency until the amount of the savings realized by the employee's idea or suggestion has been removed from the agency's budget and the legislature has appropriated the award amount from the savings realized.

Zero fiscal note published today from Senate Finance Committee.

CS FOR HOUSE BILL NO. 138 (Finance) am was referred to the Rules Committee.

# Alaska State Legislature

Representative Fran Ulmer



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

## HOUSE OF REPRESENTATIVES

### MEMORANDUM

TO: Senator Pourchot  
FROM: Rep. Fran Ulmer  
DATE: May 4, 1989  
RE: SCS HB 138 (FIN)

SCS HB 138 (FIN) 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. These awards would not apply to a cost savings suggestion made by an employee in the course of their employment, so we would not be rewarding an employee for just doing their job.

*idea must result in net savings to agency; must be developed outside normal working hours*

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. I have also attached news articles regarding other savings on the Federal and state level.

Two changes were adopted in Senate State Affairs. One regards the submittal of an annual report to the legislature to include the names of the persons who receive awards, the basis for making the award and the amount awarded. The second change would exclude commissioners, deputy commissioners, assistant commissioners, directors and deputy directors from receiving the incentive awards. In the Senate Finance Committee, language was added to provide for a review of the program by the legislature in 1993, and a letter of intent was included which clarifies the process by which the savings are appropriated by the legislature prior to preparing agency budgets.

## 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 plus
- 4% of savings between \$10,000 and \$30,000 plus
- 3% of savings between \$30,000 and \$60,000 plus
- 2% of savings between \$60,000 and \$1,250,000

The maximum award would be capped at \$25,000.

Example: if an employee saved the state \$30,000 in a 12 month period, the award would equal \$1,300.

5% of the first \$10,000=	\$500
	+
4% of the next \$20,000=	<u>800</u>
Total	\$1,300 award

Example: Savings equal \$60,000-award would be \$2,200

5% of the first \$10,000=	\$500
	+
4% of the next \$20,000=	800
	+
3% of the next \$30,000=	<u>900</u>
Total	\$2,200 award

Example: Savings equal \$100,000-award would be \$3,000

5% of the first \$10,000=	\$500
	+
4% of the next \$20,000=	800
	+
3% of the next \$30,000=	900
	+
2% of the next \$40,000=	<u>800</u>
Total	\$3,000 award

Example: Savings equal \$200,000-award would be \$5,000

5% of the first \$10,000=	\$500
+	
4% of the next \$20,000=	800
+	
3% of the next \$30,000=	900
+	
2% of the next \$ 140,000=	<u>2800</u>
Total	\$5,000 award

Example: Savings equal \$1,000,000-award would be \$21,000

5% of the first \$10,000=	\$500
+	
4% of the next \$20,000=	800
+	
3% of the next \$30,000=	900
+	
2% of the next \$ 940,000=	<u>18,800</u>
Total	\$21,000 award

IN VIEW OF THE CURRENT UNSTABLE REVENUE SITUATION IN ALASKA, IT SEEMS APPROPRIATE THAT WE MAKE EVERY EFFORT TO ENCOURAGE COSTS SAVING MEASURES WHENEVER THEY CAN BE FOUND. HB 138 DOES JUST THAT. THIS LEGISLATION WOULD ESTABLISH AN INCENTIVE AWARDS BOARD IN THE DIV. OF PERSONNEL IN THE DEPT. OF ADMINISTRATION. THE BOARD WOULD REVIEW IDEAS FROM STATE EMPLOYEES- IDEAS WHICH IMPROVE STATE OPERATIONS BY PROMOTING EFFICIENCY AND REDUCING COSTS WITHOUT DECREASING SERVICES.

EMPLOYEES WORKING IN STATE GOVERNMENT EVERY DAY ARE PROBABLY MOST FAMILIAR WITH HOW STATE DEPTS. COULD SAVE MONEY AND BECOME MORE EFFICIENT. BY MAKING CASH AWARDS AVAILABLE THOSE EMPLOYEES MIGHT BE GIVEN THE INCENTIVE THEY NEED TO CONTRIBUTE COST SAVING IDEAS WHICH MAY NOT BE POPULAR OR WHICH MAY REQUIRE SUBSTANTIAL TIME AND EFFORT TO DISCOVER AND DEVELOP.

THIS AWARD WOULD NOT APPLY TO A COST SAVINGS SUGGESTION MADE BY AN EMPLOYEE IN THE COURSE OF THEIR EMPLOYMENT (JOB DESCRIPTION). WE WOULD NOT BE REWARDING AN EMPLOYEE FOR JUST DOING THEIR WORK. EXAMPLE: IF YOUR JOB IS TO REDUCE PAPERWORK, YOU WOULD NOT GET AN AWARD FOR SAVING MONEY IF YOU CHANGE FIVE FORMS NOW USED BY A DIVISION INTO ONE. BUT IF YOU ARE A SECRETARY IN PERSONNEL, AND, OUTSIDE OF WORKING HOURS, YOU DEVELOP A NEW FORM THAT SAVES MUCH TIME AND MONEY, YOU WOULD BE ELIGIBLE FOR AN AWARD.

SENATE FINANCE ZEROED THE SMALL FISCAL NOTE. THIS PROGRAM CAN BE ADVERTISED THROUGH REGULAR NEWSLETTERS AND ON BULLETIN BOARDS OR IN PAYCHECK ENVELOPES WITH VERY LITTLE EXTRA COST. IT WOULD NOT TAKE LONG FOR THE WORD TO SPREAD.

TWO CHANGES WERE ADOPTED IN SENATE STATE AFFAIRS. ONE REGARDS THE SUBMITTAL OF AN ANNUAL REPORT TO THE LEGISLATURE TO INCLUDE THE NAMES OF THE PERSONS WHO RECEIVE AWARDS, THE BASIS FOR MAKING THE AWARD AND THE AMOUNT AWARDED. THE SECOND CHANGE WOULD EXCLUDE COMMISSIONERS, DEPUTY COMMISSIONERS, ASSISTANT COMMISSIONERS, DIRECTORS AND DEPUTY DIRECTORS FROM RECEIVING THE INCENTIVE AWARDS. IN THE SENATE FINANCE COMMITTEE, LANGUAGE WAS ADDED TO PROVIDE FOR A REVIEW OF THE PROGRAM BY THE LEGISLATURE IN 1993, AND A LETTER OF INTENT WAS INCLUDED WHICH CLARIFIES THE PROCESS BY

WHICH THE SAVINGS ARE APPROPRIATED BY THE LEGISLATURE PRIOR TO PREPARING AGENCY BUDGETS.

- BOARD IS MADE UP OF DIR. OF PERSONNEL IN ADMIN., DIRECTORS OF OMB, AND ONE PUBLIC MEMBER W/ACCOUNTING AND MANAGEMENT BACKGROUND-BOARD MEETS AS NECESSARY
- MONEY FOR AWARD COMES FROM AMOUNT SAVED AFTER 12 MONTHS OF SAVINGS OCCURS-\$25,000 MAX AWARD
- ALSO A NON-MONITORY AWARD FOR MERITORIOUS ACHIEVEMENT AVAILABLE
- CAN'T GRANT AN AWARD IF A LAW HAS TO BE CHANGED TO REALIZE SAVINGS

A M E N D M E N T

OFFERED IN THE SENATE

BY FISCHER

TO: SCS CSHB 138 (State Affairs)

Page 5, after line 2:

Insert new bill sections to read:

"\* Sec. 3. Section 1 of this Act is repealed July 1, 1993.

\* Sec. 4. The directors of the office of management and budget in the Office of the Governor and of the division of personnel in the Department of Administration shall report to the legislature by January 15, 1994, on the state's experience with the incentive awards program. The report must include the name of each person who received an award during 1993, the basis for making the award, and the amount of the award."



Official Business

# Alaska State Legislature

SENATE

*Committee on Finance*

P.O. Box V  
State Capitol  
Juneau, Alaska 99811

LETTER OF INTENT

SENATE CS FOR CS FOR HOUSE BILL 138 (FINANCE)

It is the intent of the legislature that no awards be paid by an agency until the amount of the savings realized by the employee's idea or suggestion has been removed from the agency's budget and the legislature has appropriated the award amount from the savings realized.

**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>
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<b>REVENUE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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**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: \_\_\_\_\_

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

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

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
--	-----

CONTRACTUAL

Legal Services--Hearing Officer	3.0
---------------------------------	-----

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.

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSION: SCS CSHB 138 (Fin)  
PUBLISH DATE: 5/3/89

FISCAL NOTE

REQUEST: \_\_\_\_\_

REVISION DATE: \_\_\_\_\_  
TITLE: State employee incentive award program  
SPONSOR: Ulmer, Koponen, Ellis  
REQUESTOR: \_\_\_\_\_

AGENCY: Dept. of Administration  
BRU: \_\_\_\_\_  
COMPONENTS: \_\_\_\_\_

EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONNEL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND/BUILD.	0	0	0	0	0	0
GRANTS/CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (THOUSANDS OF DOLLARS)

GENERAL FUNDS	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS:

PREPARED BY: \_\_\_\_\_

*Rick Uehling*  
SENATOR/RICK UEHLING, CO-CHAIRMAN  
SENATE FINANCE COMMITTEE

DATE: May 3, 1989  
PHONE NO.: 465-4821

## 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>
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**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: \_\_\_\_\_

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

**Distribution (by preparer):**

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

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
--	-----

CONTRACTUAL

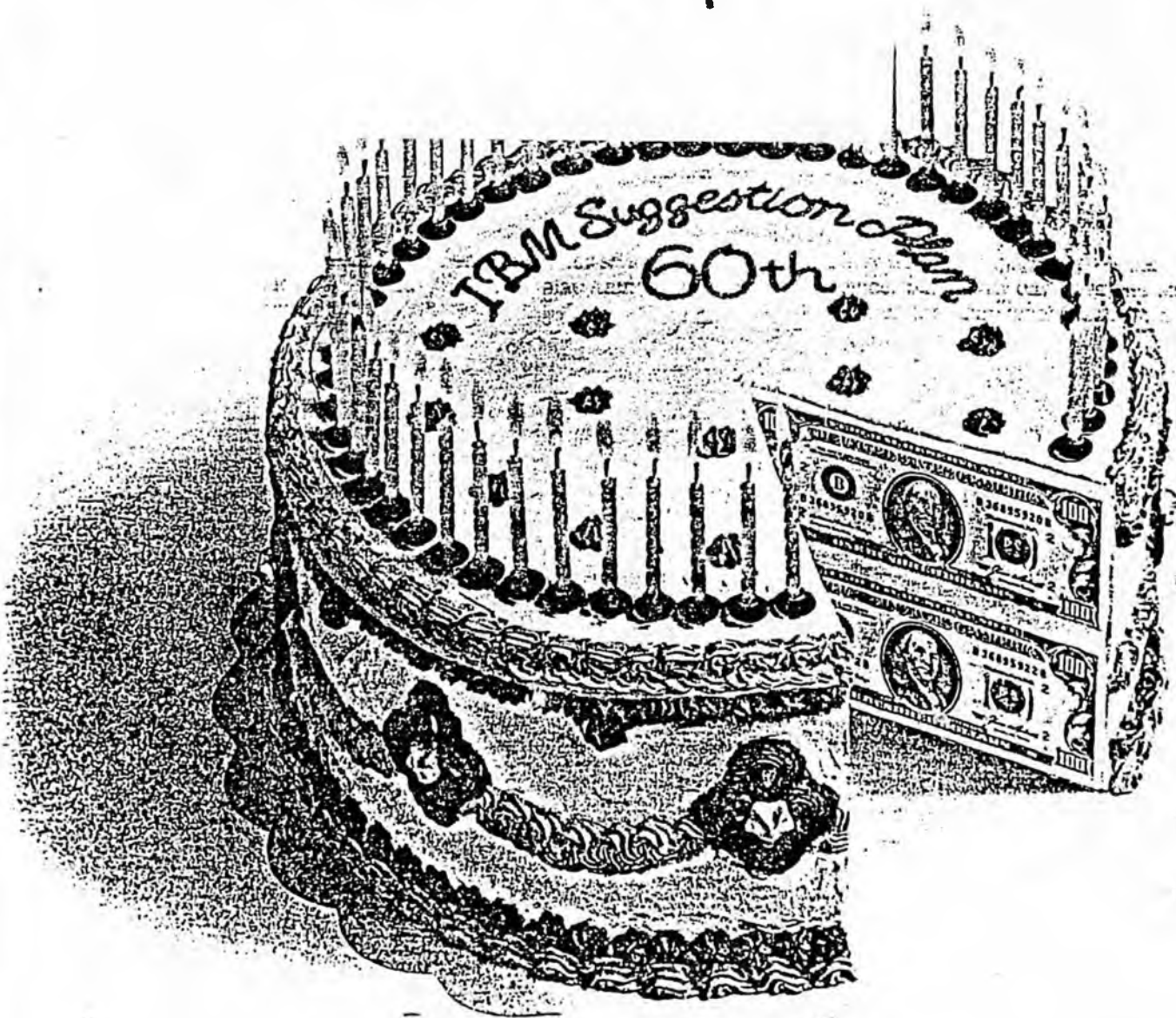
Legal Services--Hearing Officer	3.0
---------------------------------	-----

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.

# What's An Idea Worth?

The Suggestion Plan. It's Worth Thinking About.

IBM's Award Plan  
additional  
back-up



---

# **The IBM Suggestion Plan**

# **Overview**

---

**Introduced in 1928 by Thomas J. Watson, Sr.**

---

**Goals then:**

- Encourage employee creativity
  - Enhance quality throughout the business
  - Reduce costs
  - Provide monetary recognition
- 

**And now:**

- Encourage employee participation in the business
- Eliminate unnecessary work
- Promote safety, health, security
- Increase productivity
- Enhance customer service

---

# **The IBM Suggestion Plan**

# **Recognition Policy**

---

**Minimum \$50**

---

**Maximum \$150,000**

---

**Tangible awards – 25 percent of first and second years' savings**

For suggestions that:

- Improve methods or operations
  - Save time or materials
  - Increase efficiency, productivity
- 

**Intangible awards – no direct measurable savings**

For suggestions that:

- Improve job safety, health, security
- Improve product quality or reliability
- Enhance customer relations

---

**The IBM  
Suggestion Plan**

**Suggester  
Responsibilities**

---

**Be knowledgeable of plan provisions**

— Refer to "Your Ideas Have Value" brochure

---

**Clearly state specific problem**

---

**Clearly state proposed solution**

---

**Identify expected benefits**

---

**Identify affected areas**

***Put yourself in the evaluator's place!***

---

## **The IBM Suggestion Plan**

## **Evaluator Responsibilities**

---

### **Read suggestions immediately**

---

#### **Be knowledgeable -- refer to:**

- "Evaluator's Guide to the IBM Suggestion Plan"
- "Your Ideas Have Value"

---

#### **Respond *promptly* -- suggestions are current business**

- 2-day turnaround for safety, health, security
- 10-day turnaround for all others

---

#### **Analyze carefully**

- Contact suggester for clarification
- Identify all areas/locations suggestion may benefit
- Review with areas affected
- Establish implementation date
- Calculate savings or intangible benefit
- If not adopted, provide reasons

***Be positive! Look for ideas that will benefit IBM!  
Be the advocate of the suggester!***

---

**The IBM  
Suggestion Plan**

**Coordinator  
Responsibilities**

---

**Determine correct evaluator**

---

**Track and monitor evaluation status**

---

**Assure timely evaluations**

---

**Notify Suggestion Department of changes in  
responsibilities of your area**

---

**Review evaluations for completeness and  
proper approvals**

***You are the key interface between the  
Suggestion Department and the evaluator***

---

## **The IBM Suggestion Plan**

## **Management Responsibilities**

---

### **Be knowledgeable about the plan**

- Read "Your Ideas Have Value"
- Refer to Managers Manual, Section 2-24
- Consult with your Suggestion Department

---

### **Encourage participation**

---

### **Assist employees in developing their ideas**

---

### **Provide training for:**

- Coordinators
- Evaluators
- Suggesters

---

### **Approve evaluations**

---

### **Determine employee eligibility**

---

### **Recognize and reward employees**

---

## **The IBM Suggestion Plan**

## **Employee Eligibility**

---

### **Participation**

- All regular and supplemental employees, including management
- Employees on approved leaves of absence
- Retirees under the IBM Retirement Plan
- Employees on Medical Disability Income Plan

---

### **Awards**

- Determined by management based on suggester's performance plan and position description at time of submission
- Program managers without people responsibilities are eligible

***Note: Managers with people reporting to them and employees assigned to Suggestion Departments are NOT eligible for awards.***

---

## **The IBM Suggestion Plan**

## **Subject Eligibility**

---

### **Subjects to consider:**

---

#### **Ideas that reduce, eliminate, simplify:**

- Waste
- Repairs
- Equipment downtime
- Paperwork
- Administrative procedures
- Reports
- Materials
- Efforts
- Energy consumption

---

#### **Ideas that improve or increase:**

- Operating procedures
- Methods, processes
- Packaging, handling, distribution
- Product quality
- Customer satisfaction
- Efficiency, productivity
- Safety, health, security

***Note: Please refer to "Your Ideas Have Value"  
for more examples of eligible subjects.***

---

## **The IBM Suggestion Plan**

## **Subject Eligibility**

---

### **Subjects to avoid:**

---

#### **Subjects not awardable**

- No savings or value to IBM
- Ideas unrelated to IBM or not within IBM's control

---

#### **Subjects not normally awarded**

- Routine corrections/updates to printed data
- Routine matters with established procedures under periodic review

---

#### **Predated suggestions not awardable**

- Ideas presented by earlier active suggestion
- Ideas already considered by IBM

---

#### **Subjects in the maturing process not awardable**

Aspects of the business in state-of-change, such as:

- Improvements to products prior to release
- Changes to information systems under development
- Ideas related to pilot production

***Note: Please refer to "Your Ideas Have Value"  
for Plan provisions on subject eligibility.***

---

## **The IBM Suggestion Plan**

## **60th Anniversary!**

---

### **60 years of corporate commitment**

- 1928 Plan established/award \$1
- 1948 Minimum award \$10/maximum award \$2,500
- 1959 Minimum award \$25/maximum award \$25,000  
15 percent of first year's savings
- 1978 Maximum award \$100,000  
25 percent of first year's savings  
10 percent of second year's savings
- 1982 Minimum award \$50  
25 percent of second year's savings
- 1985 Maximum award \$150,000!

---

### **Tangible benefits (past 3 years)**

- To IBM: over \$300 million in savings
- To employees: over \$50 million in awards

---

### **Intangible benefits**

- A better, more productive company
- A safer, more secure work environment

***The IBM Suggestion Plan.  
It's worth thinking about!***

# Alaska State Legislature

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman  
Sen. Al Adams  
Sen. Tim Kelly  
Sen. Rick Uehling



P.O. Box V  
State Capitol  
Juneau, Alaska 99811

907-465-3712

## Senate State Affairs Committee

### MEMORANDUM

TO: Senate State Affairs Committee Members  
FROM: Senator Pat Pourchot, Chairman  
RE: April 21 Committee Hearing  
DATE: April 21, 1989

On Friday, April 21 at 1:30 p.m. in the Beltz Room the Senate State Affairs Committee will hear the following bills:

SJR 18, Proposing an amendment to the Constitution of the State of Alaska relating to income from the permanent fund

SJR 18 would amend the Constitution to specify that income of the permanent fund may be appropriated only for dividends, to the fund principal, for administrative costs of the fund, and for other purposes that a majority of the legislature and the voters approve.

A draft committee substitute that makes the following changes has been prepared:

- 1) Provides for a 2/3, rather than a 3/4, majority vote by the legislature.
- 2) Requires that the public renew its approval of SJR 18 every six years.

SB 214, An Act making a special appropriation to the principal of the permanent fund

SB 214 would appropriate the balance in the earnings reserve account of the permanent fund to the principal of the fund. The current balance is approximately \$604 million.

IN ADDITION, THE FOLLOWING BILLS WILL BE BACK BEFORE THE COMMITTEE:

SB 146, An Act allowing gaming devices on ferries

SB 146 would authorize the installation and use of video gaming devices on state ferries, with revenues from the games being appropriated to fund the operation of the ferry system. It is my intent to move this bill from committee on Friday.

SB 168, An Act authorizing gambling enterprises in municipalities

SB 168 would allow certain municipalities, by adoption of an ordinance, to operate a gambling enterprise. To be eligible, a municipality must have a substantial history of gambling and be substantially dependent on tourism. The bill would allow similar gambling operations on the state ferry system.

A draft committee substitute which makes the following changes is being prepared at the sponsor's request:

- 1) Eliminates the provisions regarding the ferry system.
- 2) Transfers the responsibility for state oversight of the municipal operations from the Department of Revenue to the Department of Commerce. This is consistent with Executive Order 74, which transferred games of chance and contests of skill.
- 3) Provides for a share of the gambling proceeds to be used for prevention programs, as well as for treatment and counseling of compulsive gamblers.

It is my intent to move this bill out of committee today.

HB 91, An Act relating to protection for certain public employees and certain other persons who report or participate in a proceeding connected with a matter of public concern

HB 91, the "whistleblower bill", would prohibit public employers from discharging, threatening, or otherwise discriminating against employees simply because they disclose information of public concern before a public body.

A draft committee substitute which makes the following changes is being prepared:

- 1) Exempts the Alaska Railroad. Current statute provides that employees of the railroad are not employees of the state.
- 2) Exempts municipalities that, by ordinance, adopt substantially similar protections. This exemption is

Committee Memo  
April 21, 1989  
Page 3

consistent with the resolution passed by the Anchorage Municipal Assembly.

A zero fiscal note prepared by the Court System is attached. It is my intent to move this bill out of committee today.

HB 138, An Act establishing a state employee incentive award system

HB 138 would establish a monetary incentive program to encourage employees to improve state operations. A draft committee substitute that makes the following changes is attached:

- 1) Requires an annual report to the Legislature detailing who received awards, the basis for each award, and the amount of the award.
- 2) Prohibits commissioners, deputy commissioners, assistant commissioners, directors, and deputy directors from receiving awards.

It is my intent to move this bill out of committee today.

## FISCAL NOTE

**REQUEST:**

Revision Date: 3/15/89  
 Title: An act establishing a state employee incentive award  
 Sponsor: Barmer, 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>

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

**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: \_\_\_\_\_

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

**Distribution (by preparer):**

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

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
--	-----

CONTRACTUAL

Legal Services--Hearing Officer	3.0
---------------------------------	-----

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.

# Alaska State Legislature

Representative Fran Ulmer



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

## HOUSE OF REPRESENTATIVES

### MEMORANDUM

TO: Senator Pat Pourchot, Chairman  
Members  
Senate State Affairs Committee

FROM: Rep. Fran Ulmer

DATE: April 16, 1989

RE: CSHB 138 (FIN) am-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. These awards would not apply to a cost savings suggestion made by an employee in the course of their employment, so we would not be rewarding an employee for just doing their job.

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. I have also attached news articles regarding other savings on the Federal and state level.

## 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 plus
- 4% of savings between \$10,000 and \$30,000 plus
- 3% of savings between \$30,000 and \$60,000 plus
- 2% of savings between \$60,000 and \$1,250,000

The maximum award would be capped at \$25,000.

Example: if an employee saved the state \$30,000 in a 12 month period, the award would equal \$1,300.

5% of the first \$10,000=	\$500
	+
4% of the next \$20,000=	<u>800</u>
Total	\$1,300 award

Example: Savings equal \$60,000-award would be \$2,200

5% of the first \$10,000=	\$500
	+
4% of the next \$20,000=	800
	+
3% of the next \$30,000=	<u>900</u>
Total	\$2,200 award

Example: Savings equal \$100,000-award would be \$3,000

5% of the first \$10,000=	\$500
	+
4% of the next \$20,000=	800
	+
3% of the next \$30,000=	900
	+
2% of the next \$40,000=	<u>800</u>
Total	\$3,000 award

Example: Savings equal \$200,000-award would be \$5,000

5% of the first \$10,000=	\$500
+	
4% of the next \$20,000=	800
+	
3% of the next \$30,000=	900
+	
2% of the next \$ 140,000=	<u>2800</u>
Total	\$5,000 award

Example: Savings equal \$1,000,000-award would be \$21,000

5% of the first \$10,000=	\$500
+	
4% of the next \$20,000=	800
+	
3% of the next \$30,000=	900
+	
2% of the next \$ 940,000=	<u>18.800</u>
Total	\$21,000 award

T H E  
**NEWS  
LETTER**  
WASHINGTON STATE  
EMPLOYMENT SECURITY

**IN THIS ISSUE**

Washington Employment Futures

Brown Bag Receipt Fund

Aberdeen . . . A "Can Do" Office

Letters From Clients

Volume 6 Number 1

Winter 1988/89

\* **Happy Holidays** \*

## **ES Employees Save State \$530,000**

Georgia Van Amerongen's suggestion to modify the UI File and Record Retention System has netted her \$10,000 and pushed ES into first place among state agencies for total cost savings for 1988.

Her employee suggestion won the first maximum award for the department and is expected to save state taxpayers well over \$399,000.

"When I first started working on my suggestion, my motivation was to make my workers' and my job a little easier," said Amerongen, the new Acting JSC Administrator in Everett. "I didn't realize until later what a large impact it would have on the Department."

Amerongen's idea, which was implemented in 1987, eliminated the need for UI Core Files within JSCs. It established a much smaller system in its place to maintain mandatory UI validation information.

When asked about her suggestion and the substantial award, Amerongen said a celebration is definitely warranted.

"I never would have got my suggestion off the ground if it wasn't for all the help I received from my co-workers," said Amerongen. "I think it's only fitting that I have a party to let



Georgia Van Amerongen saves Washington tax payers over \$500,000.

them know I appreciated all their help."

Ten other suggestions by Job Service Specialists were approved in November. According to Commissioner Isiah Turner, these remaining suggestions gave ES what it needed to take the lead.

"I'm extremely proud that our department is leading the way in terms of total cost savings for 1988," said Turner. "But what's important is that these suggestions will save Washington taxpayers over \$500,000."

Jerry Staudenraus, Moses Lake, saved the department over \$18,000 by rewording the conditional pay statements sent to claimants. He will receive \$1,808 for his idea.

Three winners were from Bellingham.

Michael Riber saved the department over \$13,000 by combining three forms

into one. He will receive \$1,331 for his suggestion.

Tammy O'Neil will be awarded a total of \$1,585 for two suggestions. Her ideas to streamline a computer process are expected to save the department over \$15,000.

Catherine Kunamann came up with a computer modification that will save \$12,500. She will receive \$1,256 for her suggestion.

Joseph Jones, Tacoma, will receive \$834 for the modification of UI forms. His suggestion is expected to save over \$8,000 in duplication costs and will improve service.

Barbara Schmidt, Mt. Vernon, will receive \$814 for her idea to incorporate two forms into one. Her idea is expected to save the department \$8,000 in copy costs and storage requirements.

Anita Robinson, Spokane, will receive \$450 for streamlining a computer process. Her idea is expected to save the department over \$4,500.

Kathie Dolton, Everett, came up with the idea to automate the tallying of Appeals and Petitions for Review. She will receive \$336 for her idea, which is expected to save the department over \$3,000.

The Employee Suggestion Program, established by the 1982 Legislature, provides cash awards to employees who suggest workable ways to reduce costs and improve state operations. From January to November, the department has generated savings and cost reductions totaling \$530,208. ■

13. 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 967,000 hours of labor a year, for a total of \$8.85 million.

# Alaska State Legislature

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman

Sen. Al Adams

Sen. Tim Kelly

Sen. Rick Uehling



P.O. Box V  
State Capitol  
Juneau, Alaska 99811

907-465-3712

## Senate State Affairs Committee

### MEMORANDUM

TO: Senate State Affairs Committee Members

FROM: Senator Pat Pourchot, Chairman

RE: April 19 Committee Hearing

DATE: April 18, 1989

On Wednesday, April 19 at 1:30 p.m. in the Beltz Room the Senate State Affairs Committee will hear the following bills:

SB 252, An Act exempting amounts held in the judicial retirement system from execution

SB 252 would protect from execution or attachment funds held in the Judicial Retirement System. Current law provides such an exemption for funds in the Teachers' and Public Employees' Retirement Systems. The current statutory exception to protection for payment of child support would apply.

A draft committee substitute, prepared at the sponsor's request, would provide the same protection from execution for funds held in the elected public officers' retirement system.

CSHB 91(Jud), An Act relating to protection for certain public employees and other persons who report or participate in a proceeding connected with a matter of public concern

HB 91 would prohibit public employers from discharging, threatening, or otherwise discriminating against employees who disclose information of public concern before a public body. The protection would apply only if the disclosure is made in good faith. A violation of the provision would be punishable by a civil fine of not more than \$10,000.

The bill would apply to employees of the state, the federal government, political subdivisions including municipalities and school districts, the University, and public corporations including the Alaska Railroad.

Similar "whistle blower" protection exists on the federal level and under Alaska's long term care ombudsman law.

Committee Memo  
April 18, 1989  
Page 2

CSHB 138(Fin), An Act establishing a state employee incentive award system

HB 138 would establish an Incentive Awards Board in the Department of Administration to authorize payment of cash awards to state employees who make superior contributions to the efficiency and economy of state operations. The contribution must result in a net savings to the agency and must have been developed outside normal working hours. The bill establishes a formula for calculating the amount of the award, to a maximum of \$25,000.

SENATE COMMITTEE REPORT



FURTHER

FIN

4/11/89

DATE TURNED INTO OFFICE 4-22-89

Mr. President:

STATE AFFAIRS Committee considered CSHB 138 (FIN) am  
establishing a state employee incentive award system

and recommended

replace with \_\_\_\_\_ CS HB 138 (ST AFF)  same title  
 or adopt \_\_\_\_\_ CS \_\_\_\_\_  new title  
 attached amendment(s) and  technical title change (HB only)  
 \_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

FISCAL NOTE(S)  zero  fiscal impact  appropriation no FN  
 new  updated  previous  
 same as previous fiscal note(s) published \_\_\_\_\_

MEMBERS SIGNING DO PASS

Tim Kelly  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

OTHER RECOMMENDATIONS

Jim Smith No Rec  
Val Adams No Rec  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Signature]  
Chairman signature and recommendation

Committee Backup attached

# 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):

### APPROVES PREVIOUS:

- fiscal impact
- zero fiscal note
- zero with analysis

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

### SIGNING DO PASS:

### SIGNING OTHER THAN DO PASS:

(Do Not Pass, No Recommendation, Amend)

[Signature] HEFFMAN

[Signature] BROWN

[Signature] KOPONEN

[Signature] ULMER

[Signature] LARSON No Rec.

[Signature] SHULTZ Do Not Pass

[Signature] PHILLIPS No Rec.

[Signature] RIEGER No Recommendation

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

Item 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

Page 2

### Connecticut

~~Since the suggestion award program was opened to the public as well as 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 *mg*  
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

<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  
Page 4

#### 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) 465-4947

## HOUSE OF REPRESENTATIVES

### MEMORANDUM

TO: Senator Pat Pourchot, Chairman  
Members  
Senate State Affairs Committee

FROM: Rep. Fran Ulmer

DATE: April 16, 1989

RE: CSHB 138 (FIN) am-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. These awards would not apply to a cost savings suggestion made by an employee in the course of their employment, so we would not be rewarding an employee for just doing their job.

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. I have also attached news articles regarding other savings on the Federal and state level.