

1 S.97

2 Introduced by Senators Giard, Ayer and Doyle

3 Referred to Committee on Government Operations

4 Date: m February 19, 2009

5 Subject: Executive; state employees; cost-savings incentive program

6 Statement of purpose: This bill proposes to create an incentive program for
7 state employees whose adopted suggestions result in financial savings for state
8 government.

9 An act relating to a Vermont state employees' cost-savings incentive
10 program

11 It is hereby enacted by the General Assembly of the State of Vermont:

12 ~~Sec. 1. 3 V.S.A. § 266 is added to read:~~

13 ~~§ 266. VERMONT EMPLOYEES' COST-SAVINGS INCENTIVE~~

14 ~~PROGRAM~~

15 ~~(a) For the purposes of this section:~~

16 ~~(1) "Agency" means a state board, commission, department, agency, or~~
17 ~~other entity or officer of state government.~~

18 ~~(2) "Board" means the Vermont state employees' cost-savings incentive~~
19 ~~program board.~~

1 ~~(3) "Program" means the Vermont state employees' cost savings~~
2 ~~incentive program.~~

3 ~~(4) "Suggestion" means a proposal by a state employee that has been~~
4 ~~submitted to an agency in which the employee is employed that may result in~~
5 ~~financial savings for that agency.~~

6 ~~(b) A state employee may make a suggestion to the agency in which the~~
7 ~~employee is employed that may result in financial savings for that agency.~~

8 ~~(c) There is established the Vermont state employees' cost-savings~~
9 ~~incentive program. The program shall provide financial incentives to state~~
10 ~~employees who make suggestions that are adopted and that result in financial~~
11 ~~savings for the agency in which the employee is employed and for the state.~~

12 ~~(d) There is established the Vermont state employees' cost-savings~~
13 ~~incentive program board which shall consist of five members serving two-year~~
14 ~~terms as follows:~~

15 ~~(1) two members of the Vermont State Employees' Association, Inc.,~~
16 ~~appointed by the executive director of that association;~~

17 ~~(2) one member from the department of human resources, appointed by~~
18 ~~the commissioner of that department;~~

19 ~~(3) one member from the department of finance and management,~~
20 ~~appointed by the commissioner; and~~

21 ~~(4) one member appointed by the auditor of accounts.~~

1 ~~(e) The board shall:~~

2 ~~(1) oversee employee suggestions being considered by an agency and~~
3 ~~shall convene as it deems necessary;~~

4 ~~(2) convene annually with the purpose of creating a statewide~~
5 ~~cost-savings form for employees, and shall review and update the form as~~
6 ~~necessary;~~

7 ~~(3) convene quarterly to review the cost-savings form submitted to each~~
8 ~~agency while they are being evaluated for implementation;~~

9 ~~(4) make recommendations to the agency of the feasibility of each~~
10 ~~suggestion;~~

11 ~~(5) establish and oversee a reevaluation process that state employees~~
12 ~~making suggestions may access if their suggestions are rejected by an agency;~~
13 ~~and~~

14 ~~(6) ensure that the identities of state employees who make suggestions~~
15 ~~under this section remain confidential.~~

16 ~~(f) An agency shall:~~

17 ~~(1) provide a copy of a state employee's suggestion to the board upon~~
18 ~~receipt by the agency;~~

19 ~~(2) within 60 days of receiving a suggestion, either issue an approval~~
20 ~~notice to the employee who made the suggestion and to the board and begin~~

1 ~~implementing the suggestion or provide a written report to the board describing~~
2 ~~the specific reasons why the agency has declined to implement the suggestion;~~

3 ~~(3) consider input from the board in approving or rejecting a suggestion;~~

4 ~~and~~

5 ~~(4) maintain records of all suggestions, made and implemented, and~~
6 ~~cost-savings resulting from these suggestions for a period of one year.~~

7 ~~(g) The secretary of administration shall file a report with the governor and~~
8 ~~the general assembly for each fiscal year on January 1, summarizing the~~
9 ~~administration and implementation of the suggestion program and the resulting~~
10 ~~cost-savings for the state.~~

11 ~~(h) Within 90 days of approval and implementation of a suggestion, the~~
12 ~~agency shall award the state employee who submitted the suggestion a cash~~
13 ~~award of 30 percent of the amount saved for the first fiscal year in which~~
14 ~~savings are realized, 20 percent of the amount saved for the second fiscal year~~
15 ~~in which savings are realized, and 10 percent of the amount saved for the third~~
16 ~~fiscal year in which savings are realized. The awards shall be in addition to the~~
17 ~~state employee's salary and shall be subtracted from the cost-savings to the~~
18 ~~agency and shall come out of the agency's budget.~~

19 ~~(i) An award shall not be made for a suggestion containing an idea that is~~
20 ~~already under active study or is under continual review by the state.~~

1 ~~(j) Elected officials or agency heads shall not be eligible to receive an~~
2 ~~award pursuant to this section.~~

3 Sec. 2. 3 V.S.A. § 973 is amended to read:

4 § 973. PROTECTED ACTIVITY

5 (a) A state agency, department, appointing authority, official, or employee
6 shall not engage in retaliatory action against a state employee because the state
7 employee refuses to comply with an illegal order or engages in any of the
8 following:

9 * * *

10 ~~(3) Making a suggestion under section 266 of this title.~~

11 * * *

Sec. 1. 3 V.S.A. § 266 is added to read:

§ 266. VERMONT EMPLOYEES' COST-SAVINGS INCENTIVE PROGRAM

(a) For the purposes of this section:

(1) "Agency" means a state board, commission, department, agency, or other entity or officer of state government.

(2) "Board" means the Vermont state employees' cost-savings incentive program board.

(3) "Program" means the Vermont state employees' cost-savings incentive program.

(4) "Suggestion" means a proposal by a state employee that has been submitted to an agency in which the employee is employed that may result in financial savings for that agency.

(b) A state employee may make a suggestion to the agency in which the employee is employed that may result in financial savings for that agency.

(c) There is established the Vermont state employees' cost-savings incentive program. The program shall provide financial incentives to state

~~employees who make suggestions that are adopted and that result in financial savings for the agency in which the employee is employed and for the state.~~

~~(d) There is established the Vermont state employees' cost-savings incentive program board which shall consist of five members serving two-year terms as follows:~~

~~(1) two members of the Vermont State Employees' Association, Inc., appointed by the executive director of that association;~~

~~(2) one member from the department of human resources, appointed by the commissioner of that department;~~

~~(3) one member from the department of finance and management, appointed by the commissioner; and~~

~~(4) one member appointed by the state treasurer.~~

~~(e) The board shall:~~

~~(1) oversee employee suggestions being considered by an agency and shall convene as it deems necessary;~~

~~(2) convene annually with the purpose of creating a statewide cost-savings form for employees, and review and update the form as necessary;~~

~~(3) convene quarterly to review the suggestions submitted to each agency while they are being evaluated for implementation;~~

~~(4) make recommendations to the agency of the feasibility of each suggestion;~~

~~(5) establish and oversee a reevaluation process that state employees making suggestions may access if their suggestions are rejected by an agency; and~~

~~(6) ensure that the identities of state employees who make suggestions under this section remain confidential.~~

~~(f) An agency shall:~~

~~(1) Provide a copy of a state employee's suggestion to the board upon receipt by the agency.~~

~~(2) Within 60 days of receiving a suggestion, either issue an approval notice to the employee who made the suggestion and to the board and begin implementing the suggestion or provide a written report to the board describing the specific reasons why the agency has declined to implement the suggestion.~~

~~(3) Consider input from the board in approving or rejecting a suggestion.~~

~~(4) Maintain records of all suggestions, made and implemented, and cost-savings resulting from these suggestions for a period of one year.~~

~~(g) If the board determines that a suggestion will provide a savings of \$20,000.00 or more, the suggestion shall be referred to the commissioner of finance and management for additional review and approval. Within 60 days of receiving a suggestion, the commissioner of finance and management shall notify the board of his or her approval or provide a written report to the board describing the specific reasons why the commissioner has declined to approve the suggestion.~~

~~(h) The secretary of administration shall file a report with the governor and the general assembly for each fiscal year on January 1, summarizing the administration and implementation of the suggestion program and the resulting cost-savings for the state.~~

~~(i) Awards shall be distributed in the following manner:~~

~~(1) For a suggestion saving more than \$1,500.00 and less than \$20,000.01, the board shall award 25 percent of the first-year's savings, and the agency shall distribute the award within 90 days of implementing the suggestion.~~

~~(2) For a suggestion saving \$20,000.01 or more, the board shall award \$5,000.00, and the agency shall distribute the award within 90 days of implementing the suggestion; plus five percent of the first-year's savings over \$20,000.00, and the agency shall distribute the award within a reasonable period of time following validation of the first year's savings by the commissioner of finance and management.~~

~~(j) An award shall not be made for:~~

~~(1) a suggestion that provides a savings of \$1,500.00 or less;~~

~~(2) a suggestion containing an idea that is already under active study or is under continual review by the state; and~~

~~(3) a suggestion, the adoption and implementation of which is within the scope of the employee's duties.~~

~~(k) Elected officials or agency heads shall not be eligible to receive an award pursuant to this section.~~

~~(l) The commissioner of finance and management shall determine whether savings have been realized within a reasonable time following the end of the fiscal year.~~

~~Sec. 2. 3 V.S.A. § 973 is amended to read:~~

~~§ 973. PROTECTED ACTIVITY~~

~~(a) A state agency, department, appointing authority, official, or employee shall not engage in retaliatory action against a state employee because the state employee refuses to comply with an illegal order or engages in any of the following:~~

~~* * *~~

~~(3) Making a suggestion under section 266 of this title.~~

~~* * *~~

~~Sec. 3. REPEAL~~

~~3 V.S.A. § 266 (Vermont employees' cost-savings incentive program) and 3 V.S.A. § 973(a)(3) (protected activity for participation in the program) shall be repealed on July 1, 2012.~~

~~Sec. 1. 3 V.S.A. § 266 is added to read:~~

~~§ 266. VERMONT STATE AND JUDICIARY EMPLOYEES' COST-SAVINGS INCENTIVE PROGRAM~~

~~(a) For the purposes of this section:~~

~~(1) "State employee" means any classified, nonmanagement, state employee in the executive or judicial branch.~~

~~(2) "Suggestion" means a proposal by a state employee that has been submitted to an agency in which the employee is employed that may result in financial savings for that agency.~~

~~(b) There is established the Vermont state and judiciary employees' cost-savings incentive program. The program shall provide financial incentives to state and judiciary employees who make suggestions that are adopted and result in financial savings for any agency, department, board, bureau, commission, or other administrative unit of the state, or for the judiciary department.~~

~~(c) To be eligible for an award under this program, a state or judiciary employee or group of employees shall submit a suggestion to reduce expenditures on a form created by the department of human resources designated for this purpose. An employee who is otherwise eligible for an award under this section shall not receive the award until he or she has satisfied any and all state tax obligations.~~

(d) Within 60 days of the receipt of a suggestion, the agency, department, board, bureau, commission, other administrative unit of the state, or the judiciary receiving a suggestion shall determine whether:

(1) the suggestion is feasible and desirable;

(2) the suggestion is an idea that is not already under active study or has not been under continual review by the state;

(3) the suggestion is beyond the reasonable expectations of job performance, as informed by the employee's job specifications; and

(4) implementation of the suggestion will not negatively impact the quality of services presently provided by the state.

(e) An employee shall be entitled to an award only if his or her suggestion meets each of the criteria set forth in subsection (d) of this section and the suggestion is implemented.

(f) Any agency, department, board, bureau, commission, other administrative unit of the state, or the judiciary that receives a suggestion shall present its assessment of the criteria set forth in subsection (d) of this section on the form designated for this purpose and shall state whether it intends to implement the suggestion. A copy of this form shall be sent to the employee or employees making the suggestion, the department of human resources, and the department of finance and management if the employee making the suggestion is an executive branch employee and to the court administrator if the employee making the suggestion is a judiciary department employee.

(g) If each of the criteria set forth in subsections (d) and (e) of this section is met, the agency, department, board, bureau, commission, other administrative unit of the state, or the judiciary shall implement the suggestion. The employee or group of employees making the suggestion shall then be entitled to a total monetary award equal to 25 percent of the savings realized as a direct result of the suggestion in the first year of its implementation, but the maximum total monetary award shall not exceed \$25,000.00 under any circumstances. If the suggestion is simultaneously made by more than one employee, the award shall be divided equally among the employees who submitted the suggestion. The sum awarded shall be reportable as wages and subject to applicable state and federal taxes, as appropriate. The award shall be computed on the actual savings for a 12-month period, with the period to run from the time that the suggestion is fully implemented. An award made pursuant to this section shall be paid out of funds appropriated to the agency, department, board, bureau, commission, other administrative unit of the state, or the judiciary, that realizes the cost savings, and shall be paid to the employee within one year and 30 days of full

implementation of the suggestion. An award shall not be included when calculating an employee's average final compensation for determining the employee's retirement allowance.

(h) If an employee who is eligible for an award under this section terminates state service prior to full implementation of his or her suggestion, the employee shall be entitled to receive his or her full award.

(i)(1) If the agency, department, board, bureau, commission, other administrative unit of the state, or the judiciary, that receives a suggestion rejects the suggestion, the employee may file a written request to review the suggestion with a copy of the form and the assessment to the appropriate review panel. The review panel shall then recommend to the secretary of administration or the court administrator, as appropriate, whether to affirm or overrule the decision of the agency, department, board, bureau, commission, other administrative unit of the state, or the judiciary, and the secretary's or court administrator's decision shall be final.

(2) If a suggestion is made by an employee of an agency, department, board, bureau, commission, or other administrative unit of the state, the appropriate review panel shall consist of two members of the Vermont State Employees' Association, Inc., appointed by the executive director of that association and three members from the agency of administration appointed by the secretary of administration.

(3) If a suggestion is made by an employee of the judiciary, the appropriate review panel shall consist of two members of the Vermont State Employees' Association, Inc., appointed by the executive director of that association and three members from the judiciary, appointed by the court administrator.

(4) The appropriate review panel shall meet within 30 days of receiving a written request and shall make a recommendation to the secretary of administration or court administrator, as appropriate, within 15 days of the meeting.

(j) If an employee believes that the agency, department, board, bureau, commission, other administrative unit of the state, or the judiciary has erroneously calculated or underestimated the savings realized by the suggestion, the employee may submit a written request to the secretary of administration or the court administrator, as appropriate, that explains the employee's objection to the amount awarded in writing, within 30 days of the award. The secretary of administration or the court administrator shall review the amount awarded and may increase the amount of an award or affirm the award. The decision of the secretary or court administrator shall be final.

(k) In the event an employee's suggestion is denied on the basis of the criteria set forth in subdivision (d)(1) or (4) of this section, and is subsequently implemented within three years of the date the employee made the suggestion, the employee shall receive a monetary award in accordance with subsection (g) of this section.

(l) The secretary of administration and the court administrator shall file a report with the governor, the state auditor, and the general assembly for each fiscal year, beginning on January 1, 2012, summarizing the suggestions implemented and the savings realized. The secretary shall also identify the suggestions that were rejected and the rationale for these rejections. A copy of this report shall be provided to the director of the Vermont state employees' association.

(m) The joint legislative government accountability committee and the state auditor shall review the secretary of administration's and court administrator's reports on the program with the director of the Vermont state employees' association, or his or her designee, at least once during each fiscal year.

Sec. 2. REPEAL

Sec. 1 (3 V.S.A. § 266) of this act shall be repealed on July 1, 2012.