

1 H.9

2 Introduced by Representative Casey of Montpelier

3 Referred to Committee on

4 Date:

5 Subject: Executive; State employees; Cost-Savings Incentive Program

6 Statement of purpose of bill as introduced: This bill proposes to reinstate an
7 incentive program for Executive Branch and Judicial Branch employees whose
8 adopted suggestions result in financial savings for State government.

9 An act relating to the Vermont State and Judiciary Employees' Cost-
10 Savings Incentive 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 STATE AND JUDICIARY EMPLOYEES'

14 COST-SAVINGS INCENTIVE PROGRAM

15 (a) As used in this section:

16 (1) "State employee" means any classified, nonmanagement State
17 employee in the Executive Branch or Judicial Branch.

18 (2) "Suggestion" means a proposal by a State employee that has been
19 submitted to the branch in which the employee is employed that may result in
20 financial savings for that branch.

1 (b) There is established the Vermont State and Judiciary Employees’
2 Cost-Savings Incentive Program. The Program shall provide financial
3 incentives to State employees who make suggestions that are adopted and
4 result in financial savings for any Executive agency, department, board,
5 bureau, commission, or other administrative unit of the State or for the
6 Judiciary.

7 (c) To be eligible for an award under this Program, a State employee or
8 group of employees shall submit a suggestion to reduce expenditures on a form
9 created by the Department of Human Resources designated for this purpose.
10 An employee who is otherwise eligible for an award under this section shall
11 not receive the award until the employee has satisfied any and all State tax
12 obligations.

13 (d) Within 60 days following the receipt of a suggestion, the agency,
14 department, board, bureau, commission, or other administrative unit of the
15 State or the Judiciary that receives a suggestion shall determine whether:

16 (1) the suggestion is feasible and desirable;

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

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

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

3 (e) An employee shall be entitled to an award only if the employee's
4 suggestion meets each of the criteria set forth in subsection (d) of this section
5 and the suggestion is implemented.

6 (f) Any Executive agency, department, board, bureau, commission, or other
7 administrative unit of the State or the Judiciary that receives a suggestion, shall
8 present its assessment of the criteria set forth in subsection (d) of this section
9 on the form designated for this purpose and shall state whether it intends to
10 implement the suggestion. A copy of this form shall be sent to the employee
11 or employees making the suggestion, the Department of Human Resources,
12 and the Department of Finance and Management if the employee making the
13 suggestion is an Executive Branch employee, and to the Court Administrator if
14 the employee making the suggestion is a Judiciary employee.

15 (g) If each of the criteria set forth in subsections (d) and (e) of this section
16 is met, the Executive agency, department, board, bureau, commission, or other
17 administrative unit of the State or the Judiciary shall implement the suggestion.
18 The employee or group of employees making the suggestion shall then be
19 entitled to a total monetary award equal to 25 percent of the savings realized as
20 a direct result of the suggestion in the first year of its implementation, but the
21 maximum total monetary award shall not exceed \$25,000.00 under any

1 circumstances. If the suggestion is simultaneously made by more than one
2 employee, the award shall be divided equally among the employees who
3 submitted the suggestion. The sum awarded shall be reportable as wages and
4 subject to applicable State and federal taxes, as appropriate. The award shall
5 be computed on the actual savings for a 12-month period, with the period to
6 run from the time that the suggestion is fully implemented. An award made
7 pursuant to this section shall be paid out of funds appropriated to the agency,
8 department, board, bureau, commission, or other administrative unit of the
9 State or the Judiciary that realizes the cost savings and shall be paid to the
10 employee within one year and 30 days following full implementation of the
11 suggestion. An award shall not be included when calculating an employee's
12 average final compensation for determining the employee's retirement
13 allowance.

14 (h) If an employee who is eligible for an award under this section
15 terminates State service prior to full implementation of the employee's
16 suggestion, the employee shall be entitled to receive the full award.

17 (i)(1) If the agency, department, board, bureau, commission, or other
18 administrative unit of the State or the Judiciary that receives a suggestion
19 rejects the suggestion, the employee may file a written request to review the
20 suggestion with a copy of the form and the assessment to the appropriate
21 review panel. The review panel shall then recommend to the State Auditor or

1 the Court Administrator, as appropriate, whether to affirm or overrule the
2 decision of the Executive agency, department, board, bureau, commission, or
3 other administrative unit of the State or the Judiciary and the State Auditor's or
4 Court Administrator's decision shall be final.

5 (2) If a suggestion is made by an employee of an Executive agency,
6 department, board, bureau, commission, or other administrative unit of the
7 State, the appropriate review panel shall consist of two members of the
8 Vermont State Employees' Association, Inc. appointed by the Association's
9 Executive Director, two members from the Agency of Administration
10 appointed by the Secretary of Administration, and one member appointed by
11 the State Auditor.

12 (3) If a suggestion is made by an employee of the Judiciary, the
13 appropriate review panel shall consist of two members of the Vermont State
14 Employees' Association, Inc., appointed by the Association's Executive
15 Director, and three members from the Judiciary, appointed by the Court
16 Administrator.

17 (4) The appropriate review panel shall meet within 30 days after
18 receiving a written request and shall make a recommendation to the State
19 Auditor or Court Administrator, as appropriate, within 15 days following the
20 meeting.

1 (j) If an employee believes that the Executive agency, department, board,
2 bureau, commission, or other administrative unit of the State or the Judiciary
3 has erroneously calculated or underestimated the savings realized by the
4 suggestion, the employee may submit a written request to the State Auditor or
5 the Court Administrator, as appropriate, that explains the employee's objection
6 to the amount awarded in writing within 30 days following the award. The
7 State Auditor or the Court Administrator shall review the amount awarded and
8 may increase the amount of an award or affirm the award. The decision of the
9 State Auditor or the Court Administrator shall be final.

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

15 (l) The State Auditor and the Court Administrator shall file a report with
16 the Governor and the General Assembly for each fiscal year, beginning on
17 January 1, 2027, summarizing the suggestions implemented and the savings
18 realized. The State Auditor and the Court Administrator shall also identify the
19 suggestions that were rejected and the rationale for these rejections. A copy of
20 this report shall be provided to the Executive Director of the Vermont State
21 Employees' Association, Inc.

1 (m) The Joint Fiscal Committee shall review the State Auditor's and the
2 Court Administrator's reports on the Program with the Executive Director of
3 the Vermont State Employees' Association, Inc., or the Executive Director's
4 designee, at least once during each fiscal year.

5 Sec. 2. EFFECTIVE DATE

6 This act shall take effect on July 1, 2025.