

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2251 Session of  
1998

INTRODUCED BY BROWNE, GORDNER, BROWN, FARGO, HENNESSEY,  
SCRIMENTI, DeWEESE, BARD, BELARDI, SEMMEL, FAIRCHILD, WOGAN,  
CLARK, YOUNGBLOOD, DALLY, SCHRODER, C. WILLIAMS, ITKIN,  
McGILL, STEIL, ZUG, HALUSKA, ADOLPH, SEYFERT, SAINATO,  
KENNEY, TIGUE, E. Z. TAYLOR, WILT, CORPORA, GEIST, ARGALL,  
ALLEN, JOSEPHS, MILLER, BOSCOLA, TRELLO, BENNINGHOFF, ROSS,  
RAMOS, SAYLOR AND STEELMAN, FEBRUARY 17, 1998

REFERRED TO COMMITTEE ON STATE GOVERNMENT, FEBRUARY 17, 1998

AN ACT

1 Providing for State employee incentives, awards, bonuses and  
2 funding.

3 The General Assembly of the Commonwealth of Pennsylvania  
4 hereby enacts as follows:

5 Section 1. Short title.

6 This act shall be known and may be cited as the State  
7 Employee Teamwork Incentive Program Act.

8 Section 2. Declaration of policy.

9 The General Assembly finds and declares as follows:

10 (1) The private sector and many other states have  
11 initiated employee reward programs in an attempt to generate  
12 money-saving ideas. One type of employee reward program,  
13 known as gainsharing or team-based pay, recognizes employee  
14 efficiency and teamwork by evenly distributing a small  
15 percentage of budget savings, in the form of bonuses, to

1 those employees responsible for the savings.

2 (2) Pennsylvania's State employees possess first-hand  
3 knowledge of the day-to-day operation of Commonwealth  
4 government. Many of these employees who have ideas for  
5 improving the efficiency and effectiveness of the programs  
6 they administer remain a valuable, yet untapped, resource.

7 (3) The work of the IMPACCT Commission, which was  
8 established pursuant to House Resolution 5 of 1995, and the  
9 agencies administering the commission's recommendations have  
10 proven that government can be restructured and refocused  
11 without jeopardizing the effectiveness of government programs  
12 or lowering the quality of government services.

### 13 Section 3. Definitions.

14 The following words and phrases when used in this act shall  
15 have the meanings given to them in this section unless the  
16 context clearly indicates otherwise:

17 "Award." The State Employee Teamwork Incentive Award  
18 established under this act.

19 "Bonus." The prorated portion of an award which is paid to  
20 an individual State employee.

21 "Committee." The Legislative Budget and Finance Committee.

22 "Commonwealth agency." Any executive agency, independent  
23 agency, the General Assembly and its officers and agencies or  
24 any court or other officer or agency of the unified judicial  
25 system.

26 "Eligible employee unit." Any part of a Commonwealth agency,  
27 including, but not limited to, a bureau, division, office or  
28 section.

29 "Eligible State employee." A State employee who works in an  
30 eligible employee unit, except for an elected Commonwealth

1 official or an employee of the Legislative Budget and Finance  
2 Committee.

3 "Program." The State Employee Teamwork Incentive Program  
4 established under this act.

5 Section 4. State Employee Teamwork Incentive Program  
6 established.

7 There is hereby established the State Employee Teamwork  
8 Incentive Program, which provides financial incentives to groups  
9 of State employees who suggest ideas for improving the  
10 efficiency and economy of their workplace, the implementation of  
11 which results in a budgetary savings for the Commonwealth. The  
12 program shall be administered in accordance with this act.

13 Section 5. Award.

14 (a) Establishment of State Employee Teamwork Incentive  
15 Award.--There is hereby established the State Employee Teamwork  
16 Incentive Award, which shall be granted to eligible employee  
17 units in accordance with this act.

18 (b) Application.--Any eligible employee unit may apply for  
19 an award by submitting an award application to the head of the  
20 Commonwealth agency within which the unit is located no later  
21 than September 1 of the year immediately following the fiscal  
22 year for which the unit claims it has generated a budgetary  
23 savings. Applications shall be in the form specified by the  
24 committee and shall include information necessary to demonstrate  
25 that a unit-initiated suggestion resulted in budgetary savings,  
26 including, but not limited to:

27 (1) a description of the unit-initiated suggestion which  
28 was implemented and which resulted in budgetary savings;

29 (2) the applicable appropriation or appropriations from  
30 the fiscal year for which the unit claims it has generated a

1        budgetary savings, the expenditures therefrom, encumbrances  
2        thereon and the amount unencumbered and unexpended;

3            (3) the program activities and accomplishments for the  
4        fiscal year for which the unit claims it has generated a  
5        budgetary savings; and

6            (4) the revenues, expenditures, program activities and  
7        accomplishments for the fiscal year immediately preceding and  
8        the fiscal year immediately following the fiscal year for  
9        which the unit claims it has generated a budgetary savings.

10        (c) Commonwealth agency review.--Upon verification of the  
11        accuracy of the information included in an application, the head  
12        of the agency in which the unit is located shall forward the  
13        application to the committee no later than September 30 of the  
14        fiscal year immediately following the fiscal year for which the  
15        unit claims it has generated a budgetary savings. In the event  
16        the head of an agency finds that information included in an  
17        application is inaccurate or does not demonstrate that an  
18        eligible employee unit-initiated suggestion has resulted in a  
19        budgetary savings, he or she shall not forward the application  
20        to the committee, and the application shall be considered  
21        rejected.

22        (d) Committee review.--The committee shall review each  
23        application submitted by an agency and shall determine the  
24        actual budgetary savings and award amount, if any. The committee  
25        shall inform the Commonwealth agency of the actual budgetary  
26        savings and award amount, not later than November 30. In  
27        determining the actual savings, the committee shall satisfy  
28        itself that the budgetary savings claimed by the eligible  
29        employee unit is real and not merely apparent and that it is  
30        not, in whole or in part, the result of:

- 1 (1) chance;
- 2 (2) a lowering of the quality of the service rendered;
- 3 (3) nonrecurrence of expenditures which were single
- 4 outlay or one-time expenditures in the immediately preceding
- 5 fiscal year;
- 6 (4) stockpiling inventories in the immediately preceding
- 7 fiscal year so as to reduce requirements in the fiscal year
- 8 for which savings is claimed;
- 9 (5) substitution of Federal or other funds for programs
- 10 currently receiving State appropriations;
- 11 (6) unreasonable postponement of payments of accounts
- 12 payable until the fiscal year immediately following the
- 13 fiscal year for which savings is claimed;
- 14 (7) shifting of expenses to another unit of government;
- 15 and
- 16 (8) any other practice, event or device which the
- 17 committee decides has caused a distortion which makes it
- 18 falsely appear that a savings or an increase in revenue gains
- 19 or an increase in level of services has occurred.

20 (e) Amount.--The amount of an award shall be equal to 5% of  
21 the actual savings, as determined by the committee. No award  
22 shall be greater than \$1,000,000.

23 (f) Limitations.--No eligible employee unit shall receive  
24 any more than one bonus for each unit-initiated suggestion.

#### 25 Section 6. Bonus.

26 (a) Amount.--The amount of each bonus resulting from an  
27 award shall be equal to the award amount divided by the number  
28 of employees in the eligible employee unit receiving the award.

29 (b) Limitation.--No bonus shall be greater than \$10,000.

30 (c) Payment.--The agency shall determine the amount of any

1 bonus resulting from an award and pay each bonus no later than  
2 December 31 of the fiscal year immediately following the fiscal  
3 year in which the budgetary savings were realized and for which  
4 the eligible employee unit has received an award.

5 Section 7. Funding.

6 Notwithstanding any provision of law to the contrary, bonus  
7 payments shall be charged to the appropriation from which the  
8 budgetary savings was realized.

9 Section 8. Effective date.

10 This act shall take effect July 1, 1998.