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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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**SENATE BILL**

**No. 749**      Session of  
2005

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INTRODUCED BY BROWNE, O'PAKE, PILEGGI, BOSCOLA AND FERLO,  
JUNE 13, 2005

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REFERRED TO STATE GOVERNMENT, JUNE 13, 2005

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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  
16 those employees responsible for the savings.

17 (2) Pennsylvania's State employees possess first-hand

1 knowledge of the day-to-day operation of Commonwealth  
2 government. Many of these employees who have ideas for  
3 improving the efficiency and effectiveness of the programs  
4 they administer remain a valuable, yet untapped, resource.

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

11 Section 3. Definitions.

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

15 "Award." The State Employee Teamwork Incentive Award  
16 established under this act.

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

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

20 "Commonwealth agency." An executive agency, independent  
21 agency, the General Assembly and each of its officers and  
22 agencies or a court or other officer or agency of the unified  
23 judicial system.

24 "Eligible employee unit." A part of a Commonwealth agency,  
25 including, but not limited to, a bureau, division, office or  
26 section.

27 "Eligible State employee." A State employee who works in an  
28 eligible employee unit, except for an elected Commonwealth  
29 official or an employee of the Legislative Budget and Finance  
30 Committee.

1 "Program." The State Employee Teamwork Incentive Program  
2 established under this act.

3 Section 4. State Employee Teamwork Incentive Program.

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

10 Section 5. Award.

11 (a) Establishment of State Employee Teamwork Incentive  
12 Award.--The State Employee Teamwork Incentive Award is hereby  
13 established and shall be granted to eligible employee units in  
14 accordance with this act.

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

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

27 (2) the applicable appropriation or appropriations from  
28 the fiscal year for which the eligible employee unit claims  
29 it has generated a budgetary savings, the expenditures  
30 therefrom, encumbrances thereon and the amount unencumbered

1 and unexpended;

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

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

10 (c) Commonwealth agency review.--

11 (1) Upon verification of the accuracy of the information  
12 included in an application, the head of the Commonwealth  
13 agency in which the eligible employee unit is located shall  
14 forward the application to the committee no later than  
15 September 30 of the fiscal year immediately following the  
16 fiscal year for which the eligible employee unit claims it  
17 has generated a budgetary savings.

18 (2) In the event the head of a Commonwealth agency finds  
19 that information included in an application is inaccurate or  
20 does not demonstrate that an eligible employee unit-initiated  
21 suggestion has resulted in a budgetary savings, the head of  
22 the Commonwealth agency may not forward the application to  
23 the committee, and the application shall be considered  
24 rejected.

25 (d) Committee review.--The committee shall review each  
26 application submitted by the head of a Commonwealth agency and  
27 shall determine the actual budgetary savings and award amount,  
28 if any. The committee shall inform the Commonwealth agency of  
29 the actual budgetary savings and award amount, not later than  
30 November 30. In determining the actual savings, the committee

1 shall satisfy itself that the budgetary savings claimed by the  
2 eligible employee unit is real and not merely apparent and that  
3 it is not, in whole or in part, the result of:

4 (1) chance;

5 (2) a lowering of the quality of the service rendered;

6 (3) nonrecurrence of expenditures which were single  
7 outlay or one-time expenditures in the immediately preceding  
8 fiscal year;

9 (4) stockpiling inventories in the immediately preceding  
10 fiscal year so as to reduce requirements in the fiscal year  
11 for which savings is claimed;

12 (5) substitution of Federal or other funds for programs  
13 currently receiving State appropriations;

14 (6) unreasonable postponement of payments of accounts  
15 payable until the fiscal year immediately following the  
16 fiscal year for which savings is claimed;

17 (7) shifting of expenses to another unit of government;  
18 and

19 (8) any other practice, event or device which the  
20 committee decides has caused a distortion which makes it  
21 falsely appear that a savings or an increase in revenue gains  
22 or an increase in level of services has occurred.

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

26 (f) Limitations.--No eligible employee unit shall receive  
27 any more than one award for each unit-initiated suggestion.

28 Section 6. Bonus.

29 (a) Amount.--The amount of each bonus resulting from an  
30 award shall be equal to the award amount divided by the number

1 of employees in the eligible employee unit receiving the award.

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

3 (c) Payment.--The agency shall determine the amount of any  
4 bonus resulting from an award and pay each bonus no later than  
5 December 31 of the fiscal year immediately following the fiscal  
6 year in which the budgetary savings were realized and for which  
7 the eligible employee unit has received an award.

8 Section 7. Funding.

9 Notwithstanding any provision of law to the contrary, bonus  
10 payments shall be charged to the appropriation from which the  
11 budgetary savings was realized.

12 Section 8. Effective date.

13 This act shall take effect July 1, 2005, or immediately,  
14 whichever is sooner.