

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1091 Session of
2005

INTRODUCED BY BROWNE, BALDWIN, BELFANTI, CALTAGIRONE, CAPPELLI,
CAWLEY, CREIGHTON, DALLY, DENLINGER, DeWEESE, FAIRCHILD,
FORCIER, GEIST, GINGRICH, GOOD, HARPER, HENNESSEY, HERSHEY,
JAMES, W. KELLER, LEDERER, LEH, LEVDANSKY, McGEEHAN,
McILHATTAN, S. MILLER, O'NEILL, READSHAW, ROHRER, ROSS,
SAINATO, SAYLOR, SEMMEL, STERN, E. Z. TAYLOR, THOMAS, TIGUE,
WHEATLEY, WILT AND WOJNAROSKI, MARCH 24, 2005

REFERRED TO COMMITTEE ON STATE GOVERNMENT, MARCH 24, 2005

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

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

12 Section 5. Award.

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

17 (b) Application.--An eligible employee unit may apply for
18 the award by submitting an award application to the head of the
19 Commonwealth agency within which the eligible employee unit is
20 located no later than September 1 of the year immediately
21 following the fiscal year for which the eligible employee unit
22 claims it has generated a budgetary savings. Applications must
23 be submitted in the form specified by the committee and shall
24 include information necessary to demonstrate that a unit-
25 initiated suggestion resulted in budgetary savings, including,
26 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 eligible employee unit claims

1 it has generated a budgetary savings, the expenditures
2 therefrom, encumbrances thereon and the amount unencumbered
3 and unexpended;

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

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

12 (c) Commonwealth agency review.--

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

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

27 (d) Committee review.--The committee shall review each
28 application submitted by the head of a Commonwealth agency and
29 shall determine the actual budgetary savings and award amount,
30 if any. The committee shall inform the Commonwealth agency of

1 the actual budgetary savings and award amount, not later than
2 November 30. In determining the actual savings, the committee
3 shall satisfy itself that the budgetary savings claimed by the
4 eligible employee unit is real and not merely apparent and that
5 it is not, in whole or in part, the result of:

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

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

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

30 Section 6. Bonus.

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

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

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

10 Section 7. Funding.

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

14 Section 8. Effective date.

15 This act shall take effect July 1, 2005, or immediately,
16 whichever is sooner.